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FROM THE ARSENAL OF DEMOCRACY TO 0% FINANCING:
PROMOTIONAL COMMUNICATION AT GENERAL MOTORS

BY

MARY GRACE B. HÉBERT

DISSERTATION

Submitted in partial fulfillment of the requirements
for the degree of Doctor of Philosophy in Communication
in the Graduate College of the
University of Illinois at Urbana-Champaign, 2019

Urbana, Illinois

Doctoral Committee:

Professor Robert W. McChesney, Chair
Professor Inger L. Stole
Associate Professor Kathryn J. Oberdeck
Assistant Professor Amanda Ciafone

ABSTRACT

This dissertation is a study of the commercial media system situated within the political economy of communication. Through a case study of General Motor's promotional communication, this dissertation investigates how commercial propaganda, such as public relations (PR) and advertising, influence the commercial media. From 1990 to 2009, GM became a financial powerhouse through General Motors Acceptance Corporation (GMAC), its financial subsidiary. At the same time, GM increased production of SUVs. This dissertation examines how GM's promotional communication supported these two trends. Through ads, GM sold SUVs using lucrative financial promotions. GM's corporate social responsibility (CSR) complemented this approach by safetywashing GM's SUVs through community programs. Thus, despite widely reported safety problems, many Americans believed SUVs to be safe. Likewise, GM used greenwashing PR and CSR to portray the corporation as environmentally conscious while lobbying against Corporate Average Fuel Economy (CAFE) regulations. Through these PR and advertising campaigns, GM successfully countered criticism and shifted public opinion around auto safety and environmental regulations. When GM faced bankruptcy in 2009, the corporation used promotional communication to influence the debate over the auto bailout. In the years since the bailout, the auto industry remains surprisingly similar to the 1990s and 2000s. Despite their impact on consumer safety and the environment, SUVs are popular worldwide. The promotional communication tactics advanced by GM in the 1990s and 2000s continue to influence public debates over auto safety, CAFE, and the sale of SUVs.

In memory of Linda Mergist and Albert Burns who always supported my academic goals.

ACKNOWLEDGEMENTS

I would like to thank my advisor, Robert McChesney, for his wisdom. I am thankful that he always challenged me through thoughtful questions and feedback. Inger Stole provided exceptional mentorship for which I am grateful. Amanda Ciafone and Kathryn Oberdeck have inspired me as scholars and community members. This dissertation would not have been possible without your dedication and commitment.

My colleagues and friends at the University of Illinois made my graduate school years educational and fun. To my cohort—Matt Pitchford, Donovan Bisbee, and Jillian Moga—there is no one that I would rather have gone through graduate school with. To my boxing buddies—Ann Bryan, Nikki Weickum, Andrea Martinez-Gonzalez, and Katie Bruner—thank you for pushing me physically and intellectually. Even on tough days, my friends at CU Women’s Boxing were there to help me relieve stress. A special thank you to Min Tang for her advice on writing and defending this project. To my Magic: The Gathering playgroup—Joe and Liz Izaguirre, John Moist, Kait Kuzio, Matthew Macomber, Ali Moll, and Matias Fernandez—thank you for never letting me “mill” myself. To my friends at GEO, CU Indivisible, and CU SURJ, thank you for reminding me that there is more to life than graduate school. I would especially like to thank Shwetha Delanthamajalu, Sara Roncero-Menendez, and Rebecca Schumann for their support.

Finally, I would like to thank my family. My parents, Meg and Byron Hébert, have always provided endless love and support. To my sisters, Margaret, Miia, and Madeleine, thank you for being my friends. I love that we can all laugh together, no matter how far apart we are. To my husband, David Tokarz, I will always be thankful that we went through this together. You were always there to remind me to take a breath and a break.

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CHAPTER 1: “WHAT’S GOOD FOR GENERAL MOTORS”¹

Introduction

In the mid-twentieth century, it was commonly said, “As General Motors goes, so goes the nation.”² During the course of the twentieth century, this sentiment might have been rephrased to “As the auto industry goes, so goes the nation.” The auto industry provided jobs to millions of Americans in manufacturing, auto repair, and other industries. Consumers went from having virtually no automobiles in 1900 to two cars per household after World War II. The auto-industrial complex not only brought prosperity but also shaped the public policies around auto safety, auto finance, and the environment. The auto industry used promotional communication to shape commercial media coverage and, ultimately, to shift public policies. This study is situated within the political economy of communication, a subfield that examines how the structure of the media system influences its content. Biases toward capitalism and power are naturally built into the structure of the commercial media system. Promotional communication, such as public relations (PR) and advertising, serve as commercial propaganda that influences the content of the commercial media system. This dissertation is a case study of GM’s promotional communication. In this dissertation, I analyze how GM used promotional communication to sell SUVs and auto loans from 1990 to 2009. The corporation used a combination of advertising, PR, and lobbying to make these products profitable. GM used financial promotions to sell dangerous, environmentally unsound SUVs without much criticism from the news media. Yet, in 2008 and 2009, executives at GM distanced themselves from GM’s history of selling loans and SUVs, so

¹ The title of this chapter is based on a quote that is commonly attributed to President Eisenhower’s Defense Secretary, Charles E. Wilson.

² TomDispatch, “As GM Goes, So Goes...,” *The Nation*, February 23, 2009, <https://www.thenation.com/article/gm-goes-so-goes/>. This quote did not originate in this article but is referred to there.

that the corporation could receive a federal bailout with few strings attached. I argue that this demonstrates how promotional communication influences the commercial media system and the policymaking process with consequences for the public.

In the following pages, I present my approach to the study of promotional communication at GM. I first discuss the nature of the promotional industries, establishing what they are and how I approach them in this study. I then provide an overview of the political economy of communication and the relationship between advertising, public relations, and journalism. This provides the background and context for my historical approach to studying GM's promotional communication. I then discuss my case study of GM. Finally, I give an overview of my research objectives, approach, and dissertation chapters.

The Auto Industry and the Promotional Industries

The automobile was an “epoch-making invention” that reshaped U.S. society around its use and maintenance. For example, the rise in importance of the oil industry is due to “in large part” to the auto industry.³ Automobiles required a variety of materials for production from glass to rubber to fabric, sustaining subsidiary industries. Beyond the numerous Americans employed directly and indirectly by the industry, the auto industry was also as a force of social change that reshaped social life. Automobile ownership enabled suburbanization. This new geography ushered in a world dominated by highways dotted with billboards and shopping malls that replaced public spaces in city centers.⁴ This cultural shift was a product of the immense communicative power of the auto industry. The auto industry has produced PR and

³ Paul A. Baran and Paul M. Sweezy, *Monopoly Capital: An Essay on the American Economic and Social Order* (New York: Monthly Review Press, 1966), 219.

⁴ Lizabeth Cohen, *A Consumer's Republic: The Politics of Mass Consumption in Postwar America* (New York: Vintage Books, 2003).

advertisements aimed at encouraging the public to buy vehicles, shun investments in public transportation, and favor the auto industry as a creator of jobs, despite its impact on safety and the environment.⁵

PR, advertising, lobbying, marketing, and related fields have been termed the promotional industries or promotional professions.⁶ These professions typically work to sell a product for their employers. A key facet the promotional industries is that they “serve primarily those who employ them.”⁷ Many companies employ both “in-house” communication employees and hire external firms, but typically there is an overarching communication strategy. These employees produce “promotional texts,” such as advertisements, press releases, and news influenced or entirely fabricated by PR. Scholars have analyzed these texts using both quantitative and qualitative approaches.⁸ Promotional texts are shaped by the firm that produces them and the firm that orders their production. With its army of internal and external employees in advertising and public relations, GM is in the business of communication. The auto industry’s array of promotional texts warrant analysis.

Lizabeth Cohen observed, “Increasingly over this century, the economic behavior of consumptions has become entwined with the rights and obligations of citizenship.”⁹ Consumer-citizens are expected to consume to ward off depressions and recessions, even if that means filling up landfills with iPhones, cars, and other goods filled with toxic chemicals. In this political economic atmosphere, the promotional industries serve as “commercial propaganda,” a form of “privileged communication conducted primarily by a small number of corporations to

⁵ Peter Freund and George Martin, *The Ecology of the Automobile* (Montreal: Black Rose Books, 1993)

⁶ Term “promotional industries” from Aeron Davis, *Promotional Cultures: The Rise and Spread of Advertising, Public Relations, Marketing and Branding* (Cambridge, UK: Polity, 2013), 2.

⁷ Davis, *Promotional Cultures*, 24.

⁸ Davis, *Promotional Cultures*.

⁹ Lizabeth Cohen, *A Consumer’s Republic*, 408.

change the behavior of the vast majority of the population.”¹⁰ Commercial propaganda is not simply on behalf of a corporation. It has wide-reaching effects that reshape society. Ads and PR have played a role in the rising consumer debt, the increased rate of childhood obesity, the environmental crisis, and anxieties related to appearance.¹¹ The auto industry’s promotional communication not only influences consumers’ purchasing decisions but also advocates on behalf of the political and economic interests of the U.S. auto industry. The auto industry’s commercial propaganda has influenced auto safety, auto loan regulation, and global warming. This section will describe two types of promotional communication that serve as commercial propaganda, advertising and PR, and their relationship to commercial journalism in the U.S.

Although all promotional communication acts as commercial propaganda and behalf of corporations, the functions and methods of promotional communication differ. For the most part, it is easy to identify product advertising, although native advertising may be harder for consumers to identify. Product advertising became an important and necessary business expense under oligopolistic, national markets in the late nineteenth and early twentieth centuries.¹² In the nineteenth century, ads resembled classified ads and focused on product differences. Advertising has since evolved into a mature industry defined by data-driven practices that prey on consumers’ emotions. As Inger Stole discusses in *Advertising on Trial*, the use of advertising accomplished two things for firms: made their products more desirable by associating products

¹⁰ Robert W. McChesney et al., “Advertising and the Genius of Commercial Propaganda,” in *The Propaganda Society: Promotional Culture and Politics in Global Context*, ed. Gerald Sussman (New York: Peter Lang, 2011), 40; see also Inger L. Stole, “Cause Marketing as Commercial Propaganda: Neoliberal Wolf in Sheep’s Clothing?,” in *The Propaganda Society: Promotional Culture and Politics in Global Context*, ed. Gerald Sussman (New York: Peter Lang, 2011).

¹¹ McChesney et al., “Advertising and the Genius of Commercial Propaganda.”

¹² Inger L. Stole, *Advertising on Trial: Consumer Activism and Corporate Public Relations in the 1930s* (Urbana: University of Illinois Press, 2006), 4-5.

with emotions and increased profit margins by competing intangible product characteristics, like the feeling of driving a Cadillac, instead of price.¹³

After World War I, advertising practitioners began to see the public as irrational and in need of guidance from advertisers. Because of sexist industry biases, ads often exploited women's anxieties about appearance and other issues.¹⁴ Although the advertising industry was challenged by consumer advocates in the 1930s, it survived the challenge.¹⁵ During World War II, the industry cemented its role in the U.S. economy, as will be described in more detail later.¹⁶ After World War II, advertising further developed its use of data to target advertisements. With today's digital advertising, ads are targeted at individuals directly based on their demographic characteristics, location, and detailed information about purchasing habits.¹⁷

Most of the advertisements available at the GM Heritage Center were product advertisements for Chevrolet and Cadillac, two of GM's most popular and iconic brands. These advertisements give a sense of the national campaigns during the period from 1990 to 2009. Many of the advertisements were made to be adapted by local dealers with whom GM shares advertising costs. By the 1990s, GM heavily emphasized financial promotions to draw in consumers, even though most consumers were not eligible for the best promotions. These promotions were particularly useful when paired with SUVs and trucks. Even with annual percentage rates as low as 0% on SUVs and trucks, GM made thousands of dollars on the sales

¹³ Ibid., 5.

¹⁴ Ibid.

¹⁵ Ibid.

¹⁶ Inger L. Stole, *Advertising at War: Business, Consumers, and Government in the 1940s* (Urbana: University of Illinois Press, 2012).

¹⁷ Joseph Turow, *The Daily You: How the New Advertising Industry Is Defining Your Identity and Your Worth* (New Haven: Yale University Press, 2011).

of those vehicles because of their high prices. I explore how GM co-promoted GMAC financial products and SUVs in Chapter 3.

In addition to product advertising, institutional advertising emerged in the early twentieth century to build public trust in the corporation and prevent muckraking investigations and regulation.¹⁸ Rather than featuring a product, such as a Cadillac, institutional ads advertised the corporation. For example, AT&T used institutional ads to cement in the public minds its vision of a monopoly with the public at heart.¹⁹ AT&T used institutional advertising that emphasized service and its role as a community member for over three decades. Along with AT&T's public relations campaign, the institutional advertising campaign cemented in the public mind that AT&T had the public's interest at heart through service. Because of this successful campaign, a 1935 FCC investigation had little impact on AT&T's operations.²⁰ Although General Motors used institutional advertising early in its history, most archived advertisements are product advertisements. Thus, this dissertation does not analyze GM's institutional advertisements.

In addition to advertising, the second major type of promotional communication is PR. PR is the practice of corporations attempting to influence the public to change attitudes and behavior. It is a form of corporate propaganda that aims to prevent government intervention and support capitalism.²¹ Describing the role of PR in the political process, Alex Carey wrote, "The twentieth century has been characterized by three developments of great political importance: the growth of democracy, the growth of corporate power, and the growth of corporate propaganda as

¹⁸ Roland Marchand, *Creating the Corporate Soul: The Rise of Public Relations and Corporate Imagery in American Big Business* (Berkeley, CA: University of California Press, 1998), 166.

¹⁹ *Ibid.*, 80.

²⁰ *Ibid.*, 86.

²¹ Alex Carey, *Taking the Risk Out of Democracy: Corporate Propaganda versus Freedom and Liberty*, ed. Andrew Lohrey (Urbana: University of Illinois Press, 1997). See also Inger Stole's discussion of PR in *Advertising on Trial*.

a means of protecting corporate power against democracy.”²² The overall goal is not merely to shape the image of the corporation but to shape public perceptions of the truth.²³ Unlike advertising, “the best PR is never noticed.”²⁴ Historically, PR practitioners have sought to publish press releases in legitimate news outlets to enhance the perception that PR is truthful.²⁵ Some scholars and practitioners of PR describe it as a “two-way” practice because of its incorporation of public opinion data.²⁶ However, polls are not neutral but are created by practitioners, who often have a particular agenda. While PR tactics may take on an appearance of being two-way, corporate interests, not the public interest, will always be at the heart of corporate PR.

PR evolved in response to muckraking journalism in the early twentieth century. At that time, PR was a defensive activity on behalf of corporations, so corporations primarily used it to excuse something that had already happened.²⁷ PR has primarily been used by corporations. In addition to defensive practices to ward off criticism, corporations now practice PR proactively as a means of maintaining long-term relationships with the public and reinforcing advertising messages. Corporations engage in a variety of PR activities, including publishing public service publications and paternalistic programs, such as employee housing.²⁸ These programs attempt to

²² Carey, *Taking the Risk Out of Democracy*, 18.

²³ Stuart Ewen, *PR! A Social History of Spin* (New York: Basic Books, 1996), 6.

²⁴ Mark Dowie, introduction to *Toxic Sludge is Good for You: Lies, Damn Lies, and the Public Relations Industry*, by John C. Stauber and Sheldon Rampton (Monroe, Maine: Common Courage Press, 1995).

²⁵ Carey, *Taking the Risk Out of Democracy*; Stole, *Advertising on Trial*; Stuart Ewen, *PR! A Social History of Spin* (New York: Basic Books, 1996); Aeron Davis, “Public Relations and News Sources,” in *News, Public Relations, and Power*, ed. Simon Cottle (London: SAGE Publications, 2003).

²⁶ James E. Grunig, “Two-Way Symmetrical Public Relations: Past, Present, and Future,” in *Handbook of Public Relations*, ed. Robert L. Heath and Gabriel Vasquez (Thousand Oaks, CA: Sage Publications, Inc., 2001); Larissa A. Grunig and James E. Grunig, “Public Relations in the United States: A Generation of Maturation,” in *The Global Public Relations Handbook: Theory Research and Practice*, ed. Krishnamurthy Sriramesh and Dejan Verčič (New York: Routledge, 2009).

²⁷ Ewen, *PR!*

²⁸ Marchand, *Creating the Corporate Soul*.

build relationships with local communities to attain advantages for the corporation, such as preventing unfavorable regulations or avoiding public scrutiny.

While PR is different from advertising, both practices function to strengthen the commercial appeal of the corporation and expand its political and economic power through favorable public opinion. Charitable donations have long been used to uplift corporations, such as by associating corporations with the arts. Donations also establish that corporations are active members of the community.²⁹ With the advent of neoliberal policies that led to cuts in social services beginning in the 1970s and 1980s, corporations began to fill the gap in social services through corporate charitable activities.³⁰ Some of these activities fall under the umbrella of corporate social responsibility (CSR). Because of the importance of CSR to the modern corporation, chapters 4 and 5 address how GM and GMAC used CSR as “window dressing” to cover for corporate lobbying against safety and environmental regulations.

Commercial journalism in the U.S. has been heavily influenced by the promotional industries and commercial propaganda. One goal of industry PR is to shape the terms of debate. The “auto-industrial complex,” a term provided by Peter Freund and George Martin, includes auto manufacturers, the oil industry, public sector highway and transportation departments, and private sector entities whose interests align with the auto industry.³¹ Through their influence, “the effect of the auto-industrial complex is not one of mechanically determining outcomes but one of constraining the range of available options and of influencing discourses about them.”³²

²⁹ Ibid.

³⁰ Stole, “Cause Marketing as Commercial Propaganda”; Inger L. Stole, “Philanthropy as Public Relations: A Critical Perspective on Cause Marketing,” *International Journal of Communication* 2 (2008): 20–40; Samantha King, *Pink Ribbons Inc.: Breast Cancer and the Politics of Philanthropy* (Minneapolis: University of Minnesota Press, 2006).

³¹ Freund and Martin, *The Ecology of the Automobile*, 134.

³² Ibid., 136.

For example, by continually associating the automobile with freedom and individuality, as well as lobbying against public transportation infrastructure, the auto-industrial complex has discouraged the development of public transportation in the U.S. on multiple fronts. Although the auto-industrial complex shapes the realm of debate, it is not all-powerful. Ralph Nader's stand for automotive safety is one example of a consumer victory, as is discussed in this dissertation.

In addition to the economic power of the auto industry in terms of employment, the auto industry also provides much-needed advertising dollars to local news media, such as newspapers. Local newspapers are still the primary source of original reporting, even the digital era.³³ Detroit has been linked to the auto industry since the early twentieth century. Thus, this dissertation focuses on how the *Detroit Free Press* covered the auto bailout in 2008. When the bailout was being debated in 2008, writers at the *Free Press* could have considered what alternative futures for the U.S. automobile industry might have looked like for the struggling metropolis. Instead, the paper's coverage followed the logic and argument of auto industry lobbying and PR. Reporters did not examine how the auto industry had placed their city in jeopardy. Coverage focused on maintaining the auto industry as it was. This narrative largely closed off criticism of the U.S. auto industry's promotion of gas guzzling SUVs and trucks. This argument will be explored in chapter 7.

From 1990 to 2009, GM experienced acute financial problems. GM attempted to use financial products and SUVs to solve its financial problems. Financialization, the process through which GM built its financial empire,³⁴ is the context for understanding GM's

³³ Robert W. McChesney, *Digital Disconnect: How Capitalism Is Turning The Internet Against Democracy* (New York: The New Press, 2013), 173.

³⁴ John Bellamy Foster and Robert W. McChesney, *The Endless Crisis: How Monopoly-Finance Capital Produces Stagnation and Upheaval from the USA to China* (New York: Monthly Review Press, 2012); Greta R. Krippner,

promotional communication during this period. Financial products and SUVs could not undo years of problems. In 2008, GM appealed to the federal government to save the corporation. The corporation argued that it should be saved because it was a traditional manufacturer that employed thousands of Americans directly and indirectly influenced the employment of millions more. GM promised a new, green future and attempted to distance itself from its history of SUV sales and dependence on auto finance. In 2009, GM was forced into government ownership, bankruptcy, and then emerged as the “New GM.” The “New GM” was surprisingly similar to the “Old GM,” without its financial subsidiary GMAC. This dissertation examines how GM developed into a company that focused on financial products and SUVs and how this influenced its promotional communications. Eventually, it turned its back on two decades of promoting SUVs and finance to argue for the auto bailout in 2008.

The Political Economy of Communication

This section describes the field of the political economy of communication, which has strongly influenced my thinking on the relationship between communication and capitalism. The origins of the political economy of communication can be traced to both classical political economy³⁵ and critical/cultural studies.³⁶ In North America, the development of the political economy of communication can be traced to the growth of communication technologies, such as the telephone, telegraph, and radio. Prior to and during World War II, communication scholars

Capitalizing on Crisis: The Political Origins of the Rise of Finance (Cambridge: Harvard University Press, 2011); Sunanda Sen, *Dominant Finance and Stagnant Economies* (Oxford: Oxford University Press, 2014).

³⁵ Graham Murdock, “Political Economies as Moral Economies: Commodities, Gifts, and Public Goods,” in *The Handbook of Political Economy of Communications*, ed. Janet Wasko, Graham Murdock, and Helena Sousa (West Sussex: John Wiley & Sons, Inc., 2014), 13–40; Vincent Mosco, *Political Economy of Communication*, 2nd Edition (Los Angeles: SAGE Publications, 2009).

³⁶ Ramón Zallo, “Current Challenges for the Critical Economy of Culture and Communication,” in *Power, Media, Culture: A Critical View from the Political Economy of Communication*, ed. Luis A. Albornoz, trans. Ian Barnett (New York: Palgrave Macmillan, 2015), 3–34;

primarily focused on media effects research, such as how mass messages influenced the audience.³⁷ For example, Paul F. Lazarsfeld developed early methods of communication research to test mass media effects and realized that opinion leaders, not just messages, influenced the audience.³⁸ After World War II, Wilbur Schramm founded the Institute for Communications Research (ICR) at the University of Illinois, which became one of the leading communication programs in the country. During this period, the ICR supported both qualitative and quantitative research. It provided a place for critical scholars, such as Dallas W. Smythe and Herbert Schiller, to teach and talk about their work.³⁹ These critical political economists reacted against the effect-based paradigm.⁴⁰ While they did not oppose empirical research, political economists wanted to do research that reflected democratic ideals.⁴¹

Scholars within the political economy of communication subfield principally address why media systems are structured the way they are and how that influences social, economic, and political outcomes.⁴² Many studies within the subfield are concerned with how the media are structured by government policies and the democratic potential of media systems.⁴³ Essentially, the political economy of communication asks questions about who owns the media, what that means for the democratic process, and how public policy influences the structure and function media system.

³⁷ Mosco, *The Political Economy of Communication*

³⁸ He was also influential in sociology.

³⁹ Schiller was only employed briefly at UIUC.

⁴⁰ Garnham, "The Political Economy of Communication Revisited."

⁴¹ Mosco, *The Political Economy of Communication*; see also Jonathan Hardy, *Critical Political Economy of the Media: An Introduction* (Abingdon, Oxon: Routledge, 2014).

⁴² McChesney, *Digital Disconnect*.

⁴³ Ibid.

One of the key methods and approaches within the political economy of communication is historical research.⁴⁴ Both Herbert I. Schiller and Dallas W. Smythe incorporated historical perspectives in their work.⁴⁵ Historical perspectives on the development of technology and policy are crucial to understanding the structure of the media system and how that influences content. Unlike other perspectives within communication that privilege individual inventors and actors, the historical approach within political economy of communication presents a contested history of policymaking.⁴⁶ For example, Robert W. McChesney addresses how community groups and industry lobbyists in the 1930s battled over whether the radio system would be primarily public or private. Victor Pickard addressed how public interest standards briefly saw a resurgence in the 1940s and have continued to influence media activists today.⁴⁷ Amanda Ciafone discussed Coca-Cola's attempts to "glocalize" advertising by promoting Coke in India with ads in "Hinglish," only to face criticism from local communities because of its use of ground water. Resistance to Coca-Cola's presence in India took the form of local protests that were infused with a global resistance to corporate capitalism.⁴⁸ Reflecting this emphasis on contested histories, I explore the possibilities presented by citizens' groups during the debate around the bailout in chapter 7. In chapters 5 and 6, I address the criticisms against SUVs from safety and environmental advocates.

⁴⁴ Mosco, *Political Economy of Communication*; Robert W. McChesney, *Communication Revolution: Critical Junctures and the Future of Media* (New York: The New Press, 2007).

⁴⁵ Herbert I. Schiller, *Mass Communication and American Empire*, Second Edition (Boston: Beacon Press, 1992); Dallas Walker Smythe, *The Structure and Policy of Electronic Communication* (Urbana: University of Illinois Press, 1957).

⁴⁶ Mosco, *Political Economy of Communication*.

⁴⁷ Robert W. McChesney, *Telecommunications, Mass Media, & Democracy: The Battle for the Control of U.S. Broadcasting, 1928-1935* (New York: Oxford University Press, 1993); Victor Pickard, *America's Battle for Media Democracy: The Triumph of Corporate Libertarianism and the Future of Media Reform* (New York: Cambridge University Press, 2015).

⁴⁸ Amanda Ciafone, "If 'Thanda Matlab Coca-Cola' Then 'Cold Drink Means Toilet Cleaner': Environmentalism of the Dispossessed in Liberalizing India," *International Labor and Working-Class History* 81 (Spring 2012), 131.

In addition to historical approaches, scholars within the political economy of communication also address media industries. Media conglomerates are vertically and horizontally integrated. Horizontal integration means that conglomerates own companies in different areas of media production, such as television and film. In contrast, vertical integration means that conglomerates own subsidiaries at different levels of production, such as production and distribution of television shows.⁴⁹ Media conglomerates often include news outlets, such as broadcast stations or newspapers. Unfortunately, conglomerates may negatively impact news production. For example, ABC news declined to cover a story about labor issues at Disney's amusement parks. Disney, as ABC's corporate owner, may have exerted pressure on ABC.⁵⁰ This example sheds light on one way that media conglomerates use horizontal and vertical integration to their advantage.

The political economy of communication traditionally asks questions about the communication industries. In that tradition, this dissertation follows the inquiry concerning power and commercial influence over the media, particularly in chapter 7 which examines how the *Detroit Free Press* covered the auto bailout debate. Yet, this project challenges the traditional scope of political economy of communication by suggesting that large industrial firms can be subject to historical inquiry following the critical, political economy of communication tradition because their dependence on professional communication makes them influential communicators.

The North American school of political economy has also emphasized communication policy as a research subject.⁵¹ Political economists are concerned with how those with power,

⁴⁹ Ben H. Bagdikian, *The New Media Monopoly* (Boston: Beacon Press, 2004).

⁵⁰ Janet Wasko, *Understanding Disney: The Manufacture of Fantasy* (Cambridge: Polity, 2001).

⁵¹ McChensey, *Communication Revolution*; Mosco, *The Political Economy of Communication*.

especially economic power, influence policymaking. One way to explain this relationship is by using some of the “truths” identified by Robert W. McChesney in *Communication Revolution*. The first “truth” is “Media systems...are not ‘natural’ in any society.”⁵² Rather than accepting the structure of the media industries at face value, McChesney encourages scholars to ask why those systems are the way that they are. Communication scholars should work under the assumption that the media system is the result of government policies. Taking this assumption means acknowledging that a commercial media system is not the only possible media system within a democracy. By investigating promotional communication practices and their relationship to commercial journalism, this dissertation prompts questions about how the media system might be reshaped in the public interest.

Relationship between Communication and Capitalism

This section explicates the relationship between the media and communication industries and capitalism. Media industries are an essential component of American capitalism for three reasons. First, media industries offer an investment opportunity for capitalists. Investors and business owners seek out media firms and projects as investment opportunities because of the prestige and power of the media industries. Second, media industries are crucial to encouraging growth and dynamism within capitalism. Capitalism tends to be stagnant, but advertising, public relations, and other communicative processes can encourage consumers to buy goods or soothe consumer concerns. Finally, media industries are an entrenched part of American capitalism and their economic influence is a powerful force in the United States.

⁵² McChesney, *Communication Revolution*, 118.

The first function of the media and communication industries within capitalism is as an investment opportunity for capitalists, particularly those outside the industry. Although the risk of investing in a media production is high, the potential for profit is also high. In addition, some media industries are prestigious. For instance, the film industry has long been of interest to investors.⁵³ Since the 1930s, banks have been involved in financing film productions. By the 1970s, most of the largest American banks engaged in film financing; it was even a specialty of some bankers.⁵⁴ Because banks want to minimize their risk, they insist that films be profitable and spend wisely. Film producers and creators know that the bank may ask for records to justify how much they are spending and expect a return on their investment. As Janet Wasko observes:

Restrictive covenants provide a legal basis for banks to guide and enforce general policy objectives and strategies of a corporation, leaving the actual implementation of these objectives to the corporation's management. In this respect, the bankers are the captains of industry, and their broad strategies are executive by lieutenants in film companies.⁵⁵

This leads to film production policies that emphasize predictable levels of income over creativity. Production companies want a product that sells reliably. Thus, production companies emphasize formula films and merchandisable films.

Banking and finance also influence journalism. As Núria Almiron chronicled in *Journalism in Crisis*, many media corporations have been financialized. Instead of profiting from the media content that they produce, financialized media corporations profit from financial investments. News outlets within financialized corporations may find it difficult to challenge, question, or cover financial capitalism in a critical way. In addition, the boards of directors for

⁵³ Janet Wasko, "The Political Economy of the American Film Industry," *Media, Culture, and Society* 3 (1981): 135–53.

⁵⁴ Ibid.

⁵⁵ Wasko, "The Political Economy of the American Film Industry," 149.

media corporations often include representatives from financial firms who subject the media industries to the concerns of Wall Street. The emphasis on profitability can be detrimental to independent, critical journalism that relies on costly investigative research.⁵⁶ In 2013, Jeff Bezos, the owner of Amazon, purchased the *Washington Post* for \$250 million.⁵⁷ The purchase immediately launched questions about whether Bezos' involvement in the paper would permanently alter the *Post*'s editorial practices; Bezos could potentially prevent the *Post* from covering his company negatively.⁵⁸ As media companies are absorbed into other industries, there are inherent risks. The cultural and artistic value of media content comes second to their status as a commodity to investors. This is particularly concerning when these corporations could influence journalism.

The second function of the media and communication industries within capitalism is to use advertising and PR to promote consumer spending. In advanced capitalist societies, developed markets are characterized by monopoly and stagnation. In *Monopoly Capital*, Paul A. Baran and Paul M. Sweezy chronicle how capitalism is not driven by individual entrepreneurs or business executives but by corporations.⁵⁹ Within monopoly capitalism corporations are part of oligopolies, a market with competition among a few large corporations. Within oligopolies, corporations act in "corespective" ways, meaning they may collude or cooperate with other corporations.⁶⁰ Because all firms are large and would be able to lower prices, corporations within

⁵⁶ Núria Almiron, *Journalism in Crisis: Corporate Media and Financialization* (Cresskill, NJ: Hampton Press, 2010).

⁵⁷ John Cassidy, "Can Jeff Bezos Defy Buffett's Law and Save the Washington Post?" *Fortune*, October 7, 2013.

⁵⁸ Alison Langley, "When Tycoons Own the Media: To Suss out What Can Result from Big-Business Ownership, See Europe," *Columbia Journalism Review*, August 14, 2013, http://archives.cjr.org/behind_the_news/euro_tycoon_media_ownership.php.

⁵⁹ Paul A. Baran and Paul M. Sweezy, *Monopoly Capital: An Essay on the American Economic and Social Order* (New York: Monthly Review Press, 1966).

⁶⁰ *Ibid.*, 50.

oligopolies typically avoid price competition. Price competition would likely result in reduced profits for all companies in the oligopoly, and consumers would just accept lower prices.⁶¹ Instead of competing over price, corporations compete through sales effort, or promotional industries.⁶² As will be described in chapter 4, GM and GMAC utilized sales effort heavily through discounts and promotions, even one tied to recession after September 11th. GM spent millions on print and television advertisements, which provided crucial funds to news outlets.

The need for companies to use promotional communication has also impacted the structure of the media system, which has grown to rely on promotional communication. In the U.S., most media networks are commercial and depend on advertising revenue to survive. Scholars have criticized the media for decades, arguing they may be biased by their advertisers. For example, in 1919, Upton Sinclair wrote *The Brass Check*, which described how newspapers overlooked advertisers' misconduct or provide favorable comment.⁶³ Critical scholars, particularly those within the political economy tradition, frequently pursue this line of inquiry.⁶⁴ Robert W. McChesney argues the bias toward capital is built into how stories are covered.⁶⁵ Commercial news organizations are likely to reduce spending on journalism to raise profits; coverage may not be investigative, might lack sufficient context, and will rely on official sources, particularly public relations.⁶⁶ In addition, advertisers may actively censor stories or journalists may feel compelled to self-censor.⁶⁷ GM's role as an advertiser gave them significant

⁶¹ Ibid., 63.

⁶² Baran and Sweezy, *Monopoly Capital*, 67.

⁶³ Mark Lloyd, *Prologue to a Farce: Communication and Democracy in America* (Urbana: University of Illinois Press, 2006).

⁶⁴ Almiron, *Journalism in Crisis*.

⁶⁵ Robert W. McChesney, *The Political Economy of Media: Enduring Issues, Emerging Dilemmas* (New York: Monthly Review Press, 2008).

⁶⁶ McChesney, *The Political Economy of Media*; Bagdikian, *The New Media Monopoly*; Almiron, *Journalism in Crisis*.

⁶⁷ Wasko, *Understanding Disney*; Almiron, *Journalism in Crisis*.

influence over news coverage of manufacturing defect in their trucks in the 1990s, as discussed in chapter 7. Their long-term relationship with the Detroit press is the subject of the primary analysis in the same chapter.

The third function of the media and communication industries within capitalism is the formation interconnected media oligopolies that wield massive economic power. The media and entertainment industries have grown faster than many other sectors in the U.S. economy, earning \$1.9 trillion globally in revenue in 2016.⁶⁸ The largest market in the world is the U.S. where media companies earned \$712 billion in revenue.⁶⁹ In recent years, this growth has concentrated in a handful of companies that dominate the U.S. and global media markets.⁷⁰ In his study of the top five media firms in the U.S., Ben Bagdikian found that “the Big Five have similar boards of directors, they jointly invest in the same ventures, and they even go through motions that, in effect, lend each other money and swap properties when its mutually advantageous.”⁷¹ While media companies claim the market is competitive, large, transnational media conglomerates often engage in anti-competitive practices or in “corespective” ways.⁷² In addition to further cementing economic dominance over the global media and entertainment industries, these conglomerates also use their economic power to create favorable policies.

Advertising, PR, and Journalism

Thus far, I have described the political economy of communication and the relationship of the media industries, including the promotional industries, to capitalism. This section expands

⁶⁸ Department of Commerce, International Trade Administration, Industry & Analysis, *2017 Top Markets Report Media and Entertainment: Sector Snapshot* (Washington, DC, 2017) <http://www.trade.gov/topmarkets/pdf/Top%20Markets%20Media%20and%20Entertainment%202017.pdf>.

⁶⁹ Ibid.

⁷⁰ Bagdikian, *The New Media Monopoly*.

⁷¹ Ibid., 4.

⁷² Baran and Sweezy, *Monopoly Capital*, 50.

on the relationship between advertising, PR, and journalism. The relationship between these practices is central to the structure and inquiry of this dissertation. Ideally, journalism should serve as the “Fourth Estate” within a democracy by holding those in power accountable.⁷³ This requires journalism that makes complex political issues understandable to the public, so that citizens can make informed decisions.⁷⁴ Unfortunately, during the twentieth century, U.S. journalism became increasingly commercial and more reliant on advertising and public relations. This section briefly outlines how these industries developed during the twentieth century.

U.S. journalism developed into a primarily commercial media system during the nineteenth and twentieth centuries. The newspaper industry transformed from one defined by independent, local, party-affiliated newspapers to national chains from between 1890 and the 1910s. Chains relied more heavily on advertising, and the desire for ad dollars drove some outlets to rely on “yellow journalism” to sell papers.⁷⁵ Criticism launched against corrupt newspapers led to the creation of professional journalism standards that emphasized editorial independence and neutrality. Unfortunately, this independence led to an emphasis “on achieving factual accuracy and on not... questioning the basic infrastructure of an often corrupt and dysfunctional status quo.”⁷⁶ Professional standards increased the reliance on official sources limiting the range of debate and coverage of issues on which official sources agree.⁷⁷ Professional journalism became defined by a propensity to question within the bounds of elite debate and neutrality between two sides, regardless of factual accuracy. The problems of

⁷³ McChesney, *The Political Economy of Media*, 49; McChesney, *Digital Disconnect*, 82.

⁷⁴ McChesney, *Digital Disconnect*, 83.

⁷⁵ McChesney, *The Political Economy of Media*.

⁷⁶ John Nichols and Robert W. McChesney, *Dollarocracy: How the Money and Media Complex Is Destroying America* (New York: Nation Books, 2013), 174.

⁷⁷ McChesney, *Digital Disconnect*.

professional journalism intensified as journalism became more dependent on advertising and as media conglomerates grew.

News outlets are often part of conglomerates that put pressure on their journalism divisions to be profitable. As described earlier, the goals of journalism do not fare well when subjected to corporate logic. For example, vertically and horizontally integrated media conglomerates strive for synergy. Disney released the *Hercules* books, CDs, and film at the same time. To maximize synergy, Disney might also want its ABC news outlet to cover *Hercules*. Thus, synergy does not help journalism criticize power structures, but, instead, encourages positive coverage of parent company or its interests.⁷⁸ Corporatization of the press “removes the press as a buffer between corporations and the public sphere.”⁷⁹ Journalism should advocate on behalf of the public by holding those in power to accountable to public concerns, but it has become disconnected from the public.

At the same time, advertising developed from simple descriptions to data-driven campaigns that target ads to desirable demographics.⁸⁰ In the 19th century, ads were print-based and primarily descriptive. With the advent of national brands, ads became tied to identification, packaging, and slogans. Buying a product meant the consumer was buying into a lifestyle.⁸¹ In the 1930s, consumers began fighting the advertising industry and called for regulations on ads. The 1930s remains the one time when the role of advertising in society was up for debate.⁸² During World War II, advertisers banded together to form the War Advertising Council. The

⁷⁸ C. Edwin Baker, *Media, Markets, and Democracy* (Cambridge: Cambridge University Press, 2002).

⁷⁹ David S. Allen, *Democracy, Inc.: The Press and Law in the Corporate Rationalization of the Public Sphere* (Urbana: University of Illinois Press, 2005), 104.

⁸⁰ Turow, *The Daily You*.

⁸¹ Susan Strasser, *Satisfaction Guaranteed: The Making of the American Mass Market* (Washington, DC: Smithsonian Institution, 2004).

⁸² Stole, *Advertising on Trial*. The Federal Trade Commission regulates advertising, but the standards are relatively lax.

Council provided advertising for government bonds in support of the war effort. After World War II, the War Advertising Council became the Ad Council and continued the advertising industry's productive relationship with the government. By working pro bono with the government, advertisers have avoided unfavorable regulation and protected advertising's status as a tax-free business expense. Advertising's tax-free status is one reason that corporations keep putting more money into advertising.⁸³ In 2014, advertising accounted for 19% of the U.S. Gross Domestic Product (GDP), and in 2015, U.S. advertisers spent over \$140 billion.⁸⁴

Parallel to both advertising and journalism, PR has also increased in importance during the twentieth century. PR has its roots in the railroad industry in the nineteenth century. As railroads grew and advanced across the United States, opposition to railroad companies also grew. To promote positive views of the railroad industry, railroad companies used extensive publicity, such as offering rides to members of the press.⁸⁵ Beginning in 1900, the first PR agencies were founded in Boston, New York, and Washington, D.C.⁸⁶ Professional PR began primarily as a defensive practice against accusations of impropriety. For example, during a 1914 miners' strike in Ludlow, Colorado, about two dozen people, mostly women and children, were killed by the Colorado National Guard. In the wake of this tragic incident, known as the Ludlow Massacre, John D. Rockefeller employed Ivy L. Lee to persuade the public that the miners' union was at fault for the deaths.⁸⁷ Lee's work on behalf of Rockefeller is one of the earliest

⁸³ Ibid.

⁸⁴ Bradley Johnson, "200 Leading National Advertisers," *Advertising Age* 87, no. 13 (2016): 10.

⁸⁵ Scott M. Cutlip, *Public Relations History: From The 17th To The 20th Century: The Antecedents* (Hillsdale, NJ: L. Erlbaum Associates, 1995).

⁸⁶ Scott M. Cutlip, *The Unseen Power: Public Relations, A History*. (Hillsdale, NJ: L. Erlbaum Associates, 1994).

⁸⁷ David Miller and William Dinan, *A Century of Spin: How Public Relations Became the Cutting Edge of Corporate Power* (London: Pluto Press, 2008); Cutlip, *The Unseen Power*.

examples of professional public relations on behalf of a corporation. His tactics would go on to influence PR practices in the years following, as described in the next chapter.

Although corporations are the preeminent users of PR and commercial propaganda, modern propaganda and PR also has its roots in World War I-era government propaganda that spawned social scientific research aimed at controlling public opinion.⁸⁸ The U.S. government recruited PR professionals and journalists to generate support for American involvement in the war.⁸⁹ This represented a sea change. World War I showed that PR could be used preemptively rather than defensively. In the 1920s, corporations tried to build positive reputations through large-scale campaigns that defined businesses as “public trustees.”⁹⁰ These campaigns often included donations to charities. Today, such practices are often termed corporate social responsibility, which is the focus of chapters 5 and 6.⁹¹

In response to the New Deal during the 1930s, businesses increased their use of public relations to counteract the consumer movement and respond to President Roosevelt’s reforms.⁹² The advertising industry also used PR when it was under attack from consumer groups in the 1930s.⁹³ Because of quantitative media effects research during World War II, the PR and advertising industries modernized their techniques in the post-war period.⁹⁴ For example, both industries began to use quantitative methods, such as polling and statistical analyses. These practices remain important in both industries today.

⁸⁸ Carey, *Taking the Risk Out of Democracy*.

⁸⁹ Miller and Dinan, *A Century of Spin*; Cutlip, *The Unseen Power*; Inger L. Stole, *Advertising on Trial*.

⁹⁰ Marchand, *Creating the Corporate Soul*.

⁹¹ Naomi Klein, *No Logo* (London: Harper Perennial, 2005).

⁹² Carey, *Taking the Risk Out of Democracy*; Stole, *Advertising on Trial*.

⁹³ Inger L. Stole, *Advertising on Trial*, 2.

⁹⁴ Mosco, *The Political Economy of Communication*; Raymond Simon, *Public Relations: Concept and Practice* (Columbus, OH: Grid, 1976).

Today, PR professionals cultivate relationships with journalists to get press releases published. Although online publishing has lowered expenses, revenue from online ads is much lower than revenue from print ads. Despite increases in the number of online ads, total advertising revenue for newspapers has continued to fall.⁹⁵ This has affected the overall quality of journalism. As revenue declines, newspapers are forced to cut reporters and staff. In 2017, the *New York Times* announced plans to reduce the number of copy editors significantly.⁹⁶ Newspapers rely more on press releases and PR materials as article sources to reduce costs. In the past, about 40% of newspaper articles were derived from press releases; today, the number is around 86% for some papers.⁹⁷ Journalism's increasing reliance on PR is also a boon to PR professionals who want to publicize their narrative.

The relationship between the promotional industries and journalism is where communication's role in capitalism meets and challenges communication's role in democracy. The shift toward "promotional culture" is not only an economic problem, but a political problem.⁹⁸ Companies design media content to appeal to advertisers. The conflicting goals of advertising and hard-hitting journalism make it difficult to provide viewers and readers with the information necessary to participate in a democracy. "Soft" news, coverage of entertainment and lifestyle news, is popular. Other news coverage must emulate popular television in format and content, so important points may be glossed over in favor of shorter, easier to read articles. At the same time, advertisers influence news coverage and press releases are more and more likely

⁹⁵ McChesney, *Digital Disconnect*.

⁹⁶ Sydney Ember, "Times Staff Members Protest Cuts and Changes to News Operation," *New York Times*, June 29, 2017, <https://www.nytimes.com/2017/06/29/business/media/new-york-times-staff-members-protest-cuts.html>.

⁹⁷ Cutlip, *The Unseen Power*; McChesney, *Digital Disconnect*.

⁹⁸ Davis, *Promotional Cultures*, 1.

to be published as news with little oversight. During times of critical, democratic debate, like the auto bailout, this means that citizens may be short on information needed to make decisions.

GM and GMAC

General Motors was founded as the General Motors Company by William C. Durant in 1908.⁹⁹ Durant expanded GM by purchasing stock in a variety of car, truck, and motor companies. This made GM's manufacturing process easier. However, Durant's flurry of expansions had also increased the company's debt, and its board of directors began to doubt him. The board removed Durant from the presidency. In 1911, Durant established the Chevrolet Motor Company. Using Chevrolet, he purchased a majority stake in GM and merged the two companies together to form the General Motors Corporation in 1918.¹⁰⁰ A year later, GM established the General Motors Acceptance Corporation (GMAC). GMAC would become a key element of GM's advertising strategies in the twentieth century. Importantly, GMAC offered financing to dealers and customers through installment plans or auto loans. Despite initial public reservations about installment plans, the use of installment plans would drastically increase in the 1920s.¹⁰¹ GM recognized established GMAC "to gain control of the credit necessary for the distribution of its products."¹⁰² This gave GM a new area of profitability and increased its manufacturing profits.

⁹⁹ Paul Martin Green, "General Motors Corporation: A Study in Corporate Consolidation and Finance" (PhD Diss., University of Illinois, 1933), University of Illinois Archives.

¹⁰⁰ Green, "General Motors Corporation: A Study in Corporate Consolidation and Finance."

¹⁰¹ Marchand, *Creating the Corporate Soul*.

¹⁰² Green, "General Motors Corporation: A Study in Corporate Consolidation and Finance," 232.

GMAC served two functions: it helped dealers purchase their inventory and gave customers access to auto loans.¹⁰³ With the volume of sales GMAC could support through GM dealers, GMAC was able to offer cheaper financing than an independent company. The arrangement also meant that more cars would be sold. GM wholly-owned GMAC for most of its history, so the corporation also earned income from GMAC stock dividends.¹⁰⁴ Alongside GMAC, GM established the General Exchange Insurance Corporation in 1925.¹⁰⁵ With the addition of insurance, GM further insured that dealers would use their financing system to buy and repair vehicles. Insurance also became necessary for customers to get financing through GMAC, increasing the likelihood that they would finish paying if their car was damaged in an accident.¹⁰⁶

GMAC's Expansion in the 1990s and 2000s

In the mid-twentieth century, American auto manufacturers dominated their industry. A few decades later, their hold over the automotive industry collapsed. As GM responded to globalization and competition from foreign auto manufactures, GMAC's importance within the company increased. In 1984, GM purchased Electronic Data Systems, an information and communication technology (ICT) company.¹⁰⁷ EDS served a vital role in supporting GMAC's loan origination through network technology. GM's used EDS in the same way that many companies use ICT to support financial operations, as described by Dan Schiller.¹⁰⁸ Investments

¹⁰³ James M. Rubenstein, *Making and Selling Cars: Innovation and Change in the U.S. Automotive Industry* (Baltimore: Johns Hopkins University Press, 2001).

¹⁰⁴ Green, "General Motors Corporation: A Study in Corporate Consolidation and Finance," 264.

¹⁰⁵ Ibid.

¹⁰⁶ Rubenstein, *Making and Selling Cars*; Green, "General Motors Corporation: A Study in Corporate Consolidation and Finance."

¹⁰⁷ Albert Lee, *Call Me Roger: The Story of How Roger Smith, Chairman of General Motors, Transformed the Industry Leader into a Fallen Giant* (Chicago: Contemporary Books, 1988), 20.

¹⁰⁸ Dan Schiller, *Digital Depression: Information Technology and Economic Crisis* (Urbana: University of Illinois Press, 2014).

in GMAC, EDS, and other subsidiaries allowed GM to expand and boost profitability outside of the auto industry:

The new pattern was set for the remainder of the model year. Roger would keep repeating, ‘We are now in a position for maximum profitability,’ and GM stock would rise. GM sales, meanwhile, continued to slump, down 33.94 percent in May and a full 22 percent for the first full half of the ’87 calendar year. GM’s market share was down to 36%. Yet, in perfect orchestration, the profits from the GM subsidiaries were announced as rising some 24.5 percent in the second quarter. GMAC led the pack with a 37.9 percent rise in profits. In every case of gains, business outside of the auto industry was the deciding factor.¹⁰⁹

Under CEO Roger Smith, diversification played a role in making GM appealing as stock to Wall Street investors and maintaining profitability. In the 1990s and 2000s, GM relied on GMAC promotions to increase auto sales. Yet, despite its massive spending on advertising, GM lost market share from 1990 through 2009; the manufacturer, which had nearly 50% of the U.S. market at its peak in the mid-twentieth century, now has less than 20%.¹¹⁰

By the 1990s, GM was struggling to sell many of its models, except for SUVs and trucks. By focusing on SUVs and trucks, GM profited from both financial promotions and auto manufacturing.¹¹¹ Thus, GM and the other U.S. auto manufacturers largely gave up on the small car market. Aside from selling SUVs, GM also expanded into other financial products, such as mortgages. GM hoped to use financial products and SUVs to keep itself afloat, but its financial

¹⁰⁹ Lee, *Call Me Roger*, 277.

¹¹⁰ Lee, *Call Me Roger*; “Auto Sales,” Market Data Center, Wall Street Journal, April 3, 2018, http://www.wsj.com/mdc/public/page/2_3022-autosales.html#autosalesE.

¹¹¹ Keith Bradsher, *High and Mighty: SUVs: The World’s Most Dangerous Vehicles and How They Got That Way* (New York: Public Affairs, 2002).

problems were too pervasive. In 2006, GM's credit rating was devalued. GM needed money and needed a functional GMAC that could still make loans. That year, GM sold 51% of GMAC to Cerberus Capital Management, a private equity firm.¹¹² The sale gave GM immediate cash and improved GMAC's credit rating by tying it to Cerberus, instead of the now-toxic GM.¹¹³ Unfortunately, when the mortgage market floundered in 2007 and 2008, GMAC suffered because of its mortgage holdings. It could not make loans for GM because GMAC faced its own solvency problems.¹¹⁴ Because of this, GM appealed to Congress for bailout funds shortly after the bank bailout in 2008, also known as the Troubled Asset Relief Program (TARP).

GMAC needed to become a bank holding company to qualify for TARP funds.¹¹⁵ This required changing its legal classification and ownership structure. GM sold its remaining 49% ownership stake in GMAC to Cerberus.¹¹⁶ The Federal Reserve swiftly approved GMAC's transition to a bank holding company in December 2008. In December 2008, GMAC received its first payment from the government--\$5 billion from the Treasury.¹¹⁷ By bailing out GMAC, the government hoped that more credit would be available for auto lending to help stave off a crisis in the auto industry.¹¹⁸ The infusion of \$5 billion was not enough to save GMAC or prevent crisis in the auto industry. However, due to the risk, the FDIC did not want to provide loans to U.S. auto manufacturers.¹¹⁹ Therefore, the federal government used TARP funds to bailout GM

¹¹² David Welch, "GM's Dwindling Options," *BusinessWeek Online*, March 16, 2006; Jamie LaReau, "GM Dealer Groups Get Ad Control," *Automotive News* 82, no. 6285 (December 10, 2007): 18.

¹¹³ David Welch, "GM's Dwindling Options."

¹¹⁴ Robert Pozen, *Too Big to Save? How to Fix the U.S. Financial System* (Hoboken, NJ: John Wiley & Sons, 2010).

¹¹⁵ Damian Paletta and John D. Stoll, "GMAC Seeks Access to Bank Bailout Funds," *Wall Street Journal*, October 29, 2008, Eastern Edition.

¹¹⁶ Eric Dash and Vikas Bajaj, "Fed Approves GMAC Request to Become a Bank," *The New York Times*, December 24, 2008, <https://www.nytimes.com/2008/12/25/business/25gmac.html>.

¹¹⁷ Kellie Geressy, "GMAC Aid Provides Glimmer of Hope as Conditions Improve," *Wall Street Journal*, December 31, 2008, Eastern edition.

¹¹⁸ Geressy, "GMAC Aids Provides Glimmer of Hope."

¹¹⁹ Steven Rattner, *Overhaul: An Insider's Account of the Obama Administration's Emergency Rescue of the Auto Industry* (Boston: Mariner Books, Houghton Mifflin, Harcourt, 2011).

and GMAC. By December 2009, the month of the third TARP investment in GMAC, an industry commenter noted: “The TARP program was originally intended for the banks, but most of the banks have found a way to escape out of that. At this point, most of the government’s risk is concentrated in automotive.”¹²⁰ In 2008 and 2009, about \$50 billion in TARP funds had been invested in GM, and \$17 billion had been invested in GMAC.¹²¹ In 2010, nearly 100 years after the original formation of the company, GM had an initial public offering (IPO) and became the “New GM.”¹²²

Research Objectives

In 2008, as President Bush announced the bailouts of GM and Chrysler, *The New York Times* remarked, “In the end, it was clear, however, that Bush did not want GM or Chrysler, both American icons, to go down on his watch.”¹²³ The American auto industry is a large part of the American economy but also lives in the American psyche as a quintessential American industry. From the Ford Mustang used in *Bullitt* to the Chevy Camaro that starred in *Transformers*, American cars, especially sports cars, are highly visible in movies and TV. A Pontiac Firebird Trans Am, a GM car, was even the star of the TV show *Knight Rider*. From the highway system to the growth of suburbs, the auto industry and automobiles have shaped the geography of the U.S.¹²⁴ GM’s use of promotional communication has upheld their political and economic power

¹²⁰ Nick Bunkley, “Treasury to Give \$3.8 Billion More to GMAC in a Third Taxpayer Bailout,” *The New York Times*, December 31, 2009.

¹²¹ Congressional Oversight Panel, January Oversight Report: An Update on TARP Support for the Domestic Automotive Industry (2011).

¹²² Sharon Terlep and Randall Smith, “Wall Street Payday for New GM --- Some Critics Now See Value of U.S. Bailout; Others Unmoved,” *Wall Street Journal*, November 19, 2010, Eastern Edition. The government was able to recoup most of their investment after the IPO by selling stock; \$10 billion of the investment was lost.

¹²³ David M. Herszenhorn and David E. Sanger, “Bush Approves \$17.4 Billion Auto Bailout,” *The New York Times*, December 19, 2008, <http://www.nytimes.com/2008/12/19/business/worldbusiness/19iht-20autoB.18826530.html>.

¹²⁴ Freund and Martin, *The Ecology of the Automobile*; Cohen, *A Consumer’s Republic*.

by functioning as commercial propaganda and political propaganda on behalf of industry goals. In the 1990s and 2000s, GM's corporate structure expanded beyond auto manufacturing to incorporate finance and ICT. Ultimately, GM was forced to give up ownership of GMAC so that both companies could receive government funds. This context factored into its changing promotional communications.

I use a critical communication approach that is strongly influenced by the political economy of communication. However, in a manner somewhat different from traditional political economy of communication studies, I focus on an industrial giant, instead of a firm traditionally within the bounds of the communication industries. GM and its contemporaries are crucial to the communication industries. GM has historically been one of the top U.S. advertisers. Despite its diminished market share in automobile sales, GM ranked third nationally in advertising spending in 2015.¹²⁵ Its role as an advertiser, along with its network of dealers, makes GM important to news agencies that depend on ad revenue to fund their operations. GM and other auto manufacturers possess immense power to get favorable news coverage and press releases into the news. On the day that GM CEO Rick Wagoner testified in Washington asking Congress to bailout the auto industry, he also had an op-ed published in the *Wall Street Journal*.

My dissertation is a case study of GM demonstrates the flaws of the commercial media system by examining how the auto-industrial complex has used PR and advertising to influence auto safety, financing, and environmental regulations. I seek to address the following questions. How did GM expand in the 1990s and 2000s beyond the auto industry? What is the history of GM's use of promotional communication? How did GM integrate GMAC into its traditional auto advertising? How did this complement GM's focus on SUVs and trucks? How did GM and

¹²⁵ Bradley Johnson, "Big Spenders on a Budget: What the Top 200 U.S. Advertisers Are Doing to Spend Smarter," *Ad Age*, July 5, 2015, <http://adage.com/article/advertising/big-spenders-facts-stats-top-200-u-s-advertisers/299270/>.

GMAC use PR and corporate social responsibility that focused on auto safety and the environment? How were these efforts related to GM's lobbying campaigns against auto safety and environmental regulations? How was news coverage of the bailout in Detroit influenced by GM? What other possibilities for reform after the bailout existed? How does GM's use of promotional communication reflect the biases of the commercial media system?

To address these questions, I rely primarily on document research using primary source materials from the GM Heritage Center, the official GM archive located in Warren, Michigan.¹²⁶ I primarily use advertisements, press releases, and annual reports to track the content of GM campaigns. This results in a top-down approach; my approach is similar to Min Tang's approach in her case study of Tencent in China.¹²⁷ By carefully tracking the advertisements and press releases produced, I can see the scope of GM's campaigns and the narrative that those campaigns tried to advance. To supplement the primary source materials, I also used secondary sources, such as books about the U.S. auto industry, trade press materials, polling data, and news. I incorporate some criticism from consumer groups to demonstrate the missing narratives around auto safety, environmental regulations, and financial regulations. This provides a larger political economic context to GM's advertising and PR. This is crucial to addressing these texts from a critical perspective.¹²⁸ Putting these texts in context shows the ways in which they were misleading and how they shaped consumption and public policy debates.¹²⁹

¹²⁶ As a fun aside, the archive is located near the GM Technical Center and an office building for the *Detroit Free Press* and *Detroit News*.

¹²⁷ Min Tang, "Tencent as a Nexus: The Political Economy of China's Internet Industry" (PhD Diss., University of Illinois, 2017).

¹²⁸ Davis, *Promotional Cultures*, 67.

¹²⁹ In future revisions of this project, I expect to add sources from the consumer movement and the labor movement, utilizing Consumers Union and the United Auto Workers archives, respectively, to add depth to the analysis.

Chapter 2 describes how GM became the dominant auto manufacturer during the twentieth century because of its use of planned obsolescence and financing. I utilize annual reports and secondary sources in chapter 2 to show how GMAC and other holdings became important beginning in the 1980s. Chapter 3 discusses GM's use of promotional communication before 1990. In that chapter, I describe how GM played a key role in developing modern advertising techniques. I also describe how GM's PR responded to concerns about auto safety and the environment beginning in the 1960s. I rely primarily on secondary sources to describe GM's promotional communication before 1990. Chapter 4 addresses how GM used ads to co-promote GMAC financial products and SUVs. I discuss the use of promotional financing and its ties to patriotism. I use both print and television advertisements from GM and coverage from *Advertising Age* to demonstrate the lasting impact of GM's shift toward financial promotions.

Chapter 5 describes how GM used corporate social responsibility as "safetywashing," while lobbying against auto safety regulations. I use press releases to describe GM's corporate social responsibility programs related to safety. I incorporate consumer safety critiques in this chapter to demonstrate how the media and GM's primary regulator, the National Highway Traffic Safety Administration (NHTSA) failed to address consumer concerns. Chapter 6 describes how GM used greenwashing PR while lobbying against Corporate Average Fuel Economy (CAFE) regulations. I use press releases that focus on GM's involvement in higher education and green technology. I further show how Congress and the NHTSA capitulated to industry PR, instead of pressing for environmental regulations. Chapter 7 addresses the relationship between PR, advertising, and journalism focusing on the *Detroit Free Press* and its coverage of the auto bailout. I then offer my concluding thoughts and future areas of inquiry. I

deviate from the GM materials to use the *Detroit Free Press* and government hearings on TARP to cover the debate over the auto bailout.

Conclusion

The auto bailout was a missed opportunity. Nearly 100 years after its founding, GM became the “New GM,” but, as the auto industry enters another potential crisis, one might ask what is new about the “New GM.” SUVs are still the most popular vehicles in America, and their popularity is growing worldwide. Unfortunately, this has dire consequences for safety and the environment. Through advertising and PR, GM has sold consumers vehicles that have higher greenhouse gas emissions, while delaying the adoption of electric vehicles. In the 1990s and 2000s, GM was defined by its financial products and SUVs, but these trends have not ceased. With auto loan failures rising, the power of the auto industry to influence public debate over safety, the environment, and finance continues to put the public at risk. Addressing global warming requires addressing transportation, but that the auto-industrial complex has continued to delay progress. Changing the terms of debate requires considering how the auto-industrial complex rose to power and how the commercial media system has helped maintain its influence. This dissertation seeks to address those questions. The next chapter will show how GM became the largest auto manufacturer in the U.S. and why it turned to SUVs and finance in the 1990s.

CHAPTER 2: THE RISE OF AUTO FINANCE AND THE SUV OBSESSION

Introduction

The introduction to this dissertation addressed the field of the political economy of communication and framed this dissertation's study of GM's promotional communication from 1990 to 2009. This chapter provides a history of GM and GMAC in preparation for a discussion of GM's promotional communication before 1990 in the next chapter. Understanding GM's history is necessary to analyzing the advertising, PR, and news coverage of the industry after 1990. Unlike Ford, Oldsmobile, or Dodge, GM was not founded by an inventor but a financier. GM was always a collection of parts, and those parts did not always work well together. Histories of GM often focus on management strategies aimed at making the companies within GM work in unison. This chapter describes the history of GM and GMAC from the early twentieth century through GMAC's growth in importance from the 1980s onward, ending with an analysis of the two dominant trends in the auto industry in the 1990s and 2000s: the use of financial promotions and the sale of SUVs. Understanding these two trends is necessary to understand GM's promotional communication from 1990 to 2009.

First, I address the early history of the auto industry and the creation of GMAC. This provides background information for GM's shift toward broader financial offerings and SUVs in the 1990s and 2000s. Second, I describe the growth of GMAC from the 1980s onward, explaining how GM shifted into financial products outside of the auto industry. Third, I discuss how the U.S. auto industry shifted toward selling SUVs in the 1990s because of profitability and low oil prices. SUVs have become a key part of profitability for all auto manufacturers but have created safety and environmental problems, two subjects that are covered later in this dissertation. Despite its financial problems, GM was still the largest auto manufacturer in the

world and had the largest market share in the U.S. during the 1990s and most of the 2000s. Other auto manufacturers have followed GM's lead in promoting financial products and SUVs. GM's strategies continue to shape the contemporary auto industry.

The latter parts of this chapter rely on GM's annual reports from the GM Heritage Center. Annual reports are a fusion of public relations documents and important financial disclosures to investors. Thus, this chapter treats them as reliable sources of raw data and carefully supplements them with secondary sources, such as trade publications and news coverage, that confirm or challenge GM's self-reports. I analyze them primarily as documents that present GM's narrative about what kind of corporation it was.¹³⁰ I do not address whether GM's use of financialization was ultimately harmful to the corporation; that has been the subject of numerous works and is outside the scope of this dissertation.¹³¹ Instead, I use primary and secondary materials to chart the growth of GM's financial empire and the sale of SUVs as trends that affected GM's promotional communication in the 1990s and 2000s.

The Auto Industry before World War II

Economists Paul A. Baran and Paul M. Sweezy describe the automobile as an “epoch making” innovation because the U.S. economy was reshaped around the production and use of the automobile. The automobile industry employed millions of people directly; millions more worked in industries that depended on the auto industry for prosperity, such as petroleum and

¹³⁰ Marilyn Kleinberg Niemark, *The Hidden Dimensions of Annual Reports: Sixty Years of Social Conflict at General Motors* (New York: Markus Weiner Publishing, Inc., 1992), 100. My approach is similar to Niemark's approach. She argues that annual reports are neither neutral nor are they “outright fabrications.”

¹³¹ See for example: Bob Lutz, *Car Guys vs. Bean Counters: The Battle for the Soul of American Business* (New York: Portfolio Penguin, 2011); Paul Ingrassia, *Crash Course: The American Automobile Industry's Road from Glory to Disaster* (New York: Random House, 2010).

rubber.¹³² Outside of auto manufacturing, automobile dealers, gas stations, and repair shops all benefit from the auto industry. One could even argue that roadside motels and resorts are beneficiaries of the auto industry because highways have made travel easier and more frequent. The auto industry has transformed how America uses natural resources, does business, and travels. Yet, it was not clear from the birth of the automobile that automobiles would transform America and the world.

The early auto industry was intensely competitive. Beginning in the nineteenth century, numerous inventors worked on projects that would eventually lead to the modern automobile.¹³³ In the 1860s, spurred by the discovery of petroleum, inventors in Germany and France began developing combustion engines that used gas.¹³⁴ At this time, automobiles were viewed as a replacement for carriages for the wealthy. Most automobile manufacturers were assemblers who bought existing parts, such as carriage bodies and engine parts, and put them together. Because anyone could be a manufacturer, the number of manufacturers rapidly increased. These small-scale operations bear little similarity to the vertically integrated manufacturing operations of today's automobile industry.¹³⁵ Early automobiles also ran on variety of fuels, including steam, kerosene, electric, and gas.¹³⁶ In the late nineteenth and early twentieth century, the speed and power of gas combustion engines began to outpace other engines. In 1895, a gas-powered automobile won a major Chicago race.¹³⁷ After this, gas-powered vehicles were viewed as

¹³² Baran and Sweezy, *Monopoly Capital*, 219.

¹³³ Charles Franklin Kettering and Allen Orth, *American Battle for Abundance: A Story of Mass Production* (Detroit, Michigan: General Motors, 1947), 47.

¹³⁴ Lawrence H. Seltzer, *A Financial History of the American Automobile Industry: A Study of the Ways in Which the Leading American Producers of Automobiles Have Met Their Capital Requirements* (Boston: Houghton Mifflin Company, 1928).

¹³⁵ Ibid.

¹³⁶ Arthur Pound, *The Turning Wheel: The Story of General Motors through Twenty-Five Years, 1908-1933* (Garden City, New York: Doubleday, Doran, & Company, 1934), [https://hdl.handle.net/2027/uc1.\\$b39414](https://hdl.handle.net/2027/uc1.$b39414).

¹³⁷ Ibid.

technologically superior to other alternatives, such as electric vehicles. The dominance of gas-powered vehicles would go unchallenged for decades.

The shift toward gas-powered automobiles also marked a shift in automobile production. In the late nineteenth and early twentieth century, inventors and financiers with dreams of large-scale automobile production sought to change the industry. The auto industry made its home in Michigan because the state was home to many of the materials that the auto and carriage industries needed, including iron, copper, and lumber. Furthermore, banks in Detroit were less skeptical of the auto industry than their New York counterparts.¹³⁸ In 1899, R.E. Olds created the first U.S. automobile factory in Detroit, Michigan.¹³⁹ His factory inspired Henry Ford.¹⁴⁰ In 1903, Ford established the Ford Motor Company. Ford is best remembered for his manufacturing system that tasked workers with small, repetitive tasks that were supplemented by automation. This meant that workers produced nearly identical vehicles quickly.¹⁴¹ By 1907, Ford had decided to focus on one model that would become a staple for many Americans: the Model T.¹⁴² Ford further refined his manufacturing process over the next decade. In 1915, his production method enabled him to reduce the price of the Model T to less than its 1908 price.¹⁴³ Over the two decades, Ford manufactured about 15 million Model Ts.¹⁴⁴ The Model T was known for its unparalleled dependability, but fashion would soon become more important.

While Ford undoubtedly holds a place in automobile history for his innovations in production, General Motors developed another key innovation: automotive finance. When Ford

¹³⁸ Seltzer, *A Financial History of the American Automobile Industry*.

¹³⁹ Kettering and Orth, *American Battle for Abundance*; Arthur Pound, *The Turning Wheel*.

¹⁴⁰ Kettering and Orth, *American Battle for Abundance*.

¹⁴¹ Emma Rothschild, *Paradise Lost: The Decline of the Auto-Industrial Age* (New York: Random House, 1973), 34

¹⁴² Kettering and Orth, *American Battle for Abundance*, 60.

¹⁴³ Kettering and Orth, *American Battle for Abundance*, 68.

¹⁴⁴ Peter Roberts, *Any Color so Long as It's Black ... The First Fifty Years of Automobile Advertising* (New York: Morrow, 1976).

and Olds began selling their automobiles, Americans only purchased automobiles with cash. Thus, the automobile market consisted of those who could afford to spend hundreds of dollars at once. GM changed that. In 1908, GM began as a different kind of automotive company from Ford and Oldsmobile. W. C. Durant, GM's founder, owned a horse-drawn carriage business and purchased his way into auto manufacturing. Over two years, he bought stakes in car, truck, and engine companies and brought them together as part of the General Motors Company.¹⁴⁵ Eventually, Durant's financial backers grew concerned that the sizable company would not turn a profit, and Durant lost control of GM.¹⁴⁶ Not content with failure, Durant established the Chevrolet Motor Company in 1911. He grew the company over the next few years and used it to purchase a controlling share in GM in 1918. Durant was once again president of the General Motors Corporation.¹⁴⁷

Durant's return to GM demonstrated a key problem that the early automobile industry faced. Automobiles were relatively new products with untested market potential, and no one really knew how many could be sold. Many banks, like those in New York, were skeptical of financing automobile companies and their customers. Due to lack of financing, Ford had even been forced to delay the founding of his company. Further, skepticism from banks had forced Durant out of GM. In 1918, Durant pursued a new strategy that would ensure GM would have adequate financing in the future. In 1919, the GM incorporated its subsidiary, the General Motors Acceptance Corporation (GMAC), under New York banking laws.¹⁴⁸ Through GMAC,

¹⁴⁵ Pound, *The Turning Wheel*; Paul Martin Green, "General Motors Corporation: A Study in Corporate Consolidation and Finance."

¹⁴⁶ Pound, *The Turning Wheel*; Green "General Motors Corporation: A Study in Corporate Consolidation and Finance."

¹⁴⁷ Pound, *The Turning Wheel*; Green "General Motors Corporation: A Study in Corporate Consolidation and Finance."

¹⁴⁸ Pound, *The Turning Wheel*; James M. Rubenstein, *Making and Selling Cars*; Green "General Motors Corporation: A Study in Corporate Consolidation and Finance."

GM could provide millions of dollars of internal financing for dealer inventories and customer purchases.¹⁴⁹ Furthermore, because GM wholly-owned GMAC, GMAC's revenue would go back into GM, keeping its profit margins healthy. With the help of GMAC, Americans began buying their vehicles on installment, an early form of auto loan. By 1925, 75% of customers used installment plans to purchase their vehicles.¹⁵⁰ Between 1920 and 1930, millions more vehicles were put on the roads; the automobile had been transformed from a luxury good into an affordable commodity.

Auto manufacturers successfully sold their product to the American people, but for the industry to survive, they needed to sell even more cars. By the late 1920s, the market was saturated, and Americans were no longer buying vehicles.¹⁵¹ Installment plans had expanded the market beyond those who could pay for the car in cash, but auto manufacturers needed car owners to buy newer, better cars more frequently. Henry Ford insisted on making and selling his dependable Model T, but dependability would soon be outweighed by fashion. In 1923, GM began offering annual models.¹⁵² Annual models offered three advantages for GM. First, GM could appeal to different kinds of customers by offering a "car for every purse."¹⁵³ To support the variety of vehicles offered, GM used market research to tailor their ads to different customers.¹⁵⁴ Second, instead of rolling out engineering advantages when they happened, the annual model policy meant that new models would be released at the same time every year. GM

¹⁴⁹ Rubenstein, *Making and Selling Cars*.

¹⁵⁰ Seltzer, *A Financial History of the American Automobile Industry*.

¹⁵¹ Roland Marchand, *Advertising the American Dream: Making Way for Modernity, 1920-1940* (Berkeley: University of California Press, 1985).

¹⁵² Rubenstein, *Making and Selling Cars*; Marchand, *Advertising the American Dream*.

¹⁵³ Rubenstein, *Making and Selling Cars*, 271.

¹⁵⁴ *Ibid.*

offered customers improved technology, different styling, and increased prices all at once.¹⁵⁵

Third, customers could trade their old vehicles for new ones.¹⁵⁶ GM's fusion of GMAC installment plans and annual models became the norm in post-World War II America.¹⁵⁷ While Ford sold Americans on dependability, GM sold them on "planned obsolescence," the term used to describe producing new products rapidly so that consumers buy products more often. The advertising tactics that supported planned obsolescence will be discussed in the next chapter.

Using installment plans, advertising, annual models, and even paint colors, GM began to eclipse Ford as the dominant automaker. GM emphasized change, while Ford seemed stuck in the past. Feeling installment plans were irresponsible, Ford offered a Weekly Purchase Plan through which customers could save for a car with the dealer. His plan proved unpopular, and customers flocked to GM dealers to use GMAC installment plans.¹⁵⁸ Ford was reluctant to change or cease production of his Model T, but GM offered different models and brands for different customers. GM's most affordable brand was the Chevrolet. By 1927, Chevrolet models outsold the best-selling Model T. The Model T had modernized production and affordability, but GM had sold Americans on annual models. By the 1930s, GM had more than 40% of customer sales and was the dominant U.S. auto manufacturer. In contrast, Ford had dropped from over 50% of the market in 1922 to less than 10% in 1927.¹⁵⁹ GM set the stage for modern automobile production, sales, and advertising through planned obsolescence, emphasis on style, and use of installment plans.

¹⁵⁵ GM's policy of "variety marketing" and increasing model prices annually was referred to as "Sloanism" after GM's long-time president, Alfred Sloan.

¹⁵⁶ Rothschild, *Paradise Lost*, 39.

¹⁵⁷ Marilyn Kleinberg Niemark, *The Hidden Dimensions of Annual Reports*.

¹⁵⁸ Lendol Calder, *Financing the American Dream: A Cultural History of Consumer Credit* (Princeton, NJ: Princeton University Press, 2009).

¹⁵⁹ Marchand, *Advertising the American Dream*, 156; Rothschild, *Paradise Lost*; Stan Luger, *Corporate Power, American Democracy, and the Automobile Industry* (Cambridge, UK: Cambridge University Press, 2000).

Yet, GM could not avoid the Great Depression. About half of the autoworkers in Detroit were laid off between 1929 and 1931.¹⁶⁰ To offset losses in vehicle sales, auto manufacturers sold accessories and parts to keep profits high.¹⁶¹ The decline in auto sales hastened the consolidation of the auto market. At the start of the twentieth century, there had been hundreds of small manufacturers of automobiles. The shift toward mass production caused many small manufacturers to fail, but there were still independent manufacturers in 1929. The decline in sales finally put an end to most of the remaining independent manufacturers.¹⁶² Ford was forced to adapt to GM's tactics. In 1932, Ford began producing multiple models; in 1933, the company introduced an annual style change policy. Ford's acceptance of planned obsolescence meant that GM had finally won its marketing war.¹⁶³ It also demonstrated that GMAC and captive finance companies led to greater profitability.¹⁶⁴

Beginning in the 1930s and 40s, the auto industry flexed its political muscle. In 1932, GM established the National Highway Users Conference to lobby for the construction of highways. Government interest in creating and maintaining roads not only led to consumer car sales but also expanded the market for buses that were also produced by the auto manufacturers.¹⁶⁵ Because of these public policies, the Victorian era trolley system was replaced by buses and automobiles. The end of the trolley system was only the beginning of the policy changes initiated by the auto industry. After World War II, the industry would push for more

¹⁶⁰ Rothschild, *Paradise Lost*; Rubenstein, *Making and Selling Cars*.

¹⁶¹ Rothschild, *Paradise Lost*, 44.

¹⁶² Yasutoshi Ikuta, *The American Automobile: Advertising from the Antique and Classic Eras* (San Francisco: Chronicle Books, 1988).

¹⁶³ Giles Slade, *Made to Break: Technology and Obsolescence in America* (Cambridge, MA: Harvard University Press, 2006).

¹⁶⁴ Louis Hyman, *Borrow: The American Way of Debt* (New York: Vintage Books, 2012).

¹⁶⁵ Stan Luger, *Corporate Power*.

policies that changed the geography of the U.S. and made Americans dependent on vehicles for work and leisure.

While the auto industry began flexing its political muscle, workers began asking for more. During the 1930s, unionization in the auto industry increased. Strikes and the threat of unionization had plagued the auto industry since early twentieth century.¹⁶⁶ Ford's famous commitment to pay his workers enough to buy the cars that they built was necessary to keep people from walking off the production line because of working conditions. In 1917, the Auto Workers Union (AWU) formed as an off-shoot of the American Federation of Labor (AFL). At its peak in 1919, the AWU represented only 45,000 workers out of nearly 350,000 thousand. The AWU failed to organize the industry and folded due to internal problems.¹⁶⁷ In 1926, the AFL attempted to organize in the auto industry. Many auto workers wanted a union that represented all auto workers who worked on the assembly line. However, the AFL was organized by craft unions and wanted auto workers to be represented by craft unions based on their specialties.¹⁶⁸ The AFL's craft unions failed to gain traction in the industry.

The 1933 the passage of National Industrial Recovery Act (NIRA) permitted the formation of unions. Companies that followed NIRA guidelines often marketed their products with the NIRA "Blue Eagle." Although GM used the "Blue Eagle" in advertising, it also contributed to the American Liberty League, which opposed NIRA.¹⁶⁹ Although NIRA was ruled unconstitutional a few years later, workers had already begun to organize again in the auto industry.¹⁷⁰ The passage of the Wagner Act in 1935 again permitted unionization, so the AFL

¹⁶⁶ Rubenstein, *Making and Selling Cars*.

¹⁶⁷ Ibid.

¹⁶⁸ Ibid.

¹⁶⁹ Ibid.

¹⁷⁰ Ibid.

organized the United Automobile Workers (UAW) for “those workers who actually operated the assembly line.”¹⁷¹ The UAW fulfilled auto workers’ desire for a collective union. Locals affiliated with the other automobile unions quickly joined the UAW. In 1936, beginning with GM, the UAW began organizing workers at GM, Ford, and Chrysler, a group known as the “Big 3.” The UAW targeted GM’s plant in Flint, Michigan, where all but 20% of the population was employed by the auto manufacturer.¹⁷² GM opposed unionization and fought the AFL. However, in 1937, GM was forced to the negotiation table when a series of sit-down strikes spread from Flint to other plants in the Midwest.¹⁷³ Following their success at GM, the UAW organized at Ford in 1937.¹⁷⁴ The UAW’s tactic of starting with GM and playing the Big 3 off of each other continued after World War II.

During World War II, GM shifted its production from consumer vehicles to tanks, military vehicles, and other equipment so that the corporation could survive and wait for the boom of the postwar years. Even during this period, GM did not stop its ads and public relations. Instead, it leveraged them to remind people that the corporation supported the war effort. GM remained a major defense contractor in the 1950s, boosting its profits and its importance to the U.S. economy.¹⁷⁵ The next chapter describes how GM’s shift to war production during World War II helped the industry survive and became an important advertising tool during and after World War II.

¹⁷¹ Rubenstein, *Making and Selling Cars*, 140; John Barnard, *Walter Reuther and the Rise of the Auto Workers*, ed. Oscar Handlin (Boston: Little, Brown, and Company, 1983).

¹⁷² Rubenstein, *Making and Selling Cars*; Barnard, *Walter Reuther and the Rise of the Auto Workers*.

¹⁷³ Rubenstein, *Making and Selling Cars*.

¹⁷⁴ Rubenstein, *Making and Selling Cars*; Barnard, *Walter Reuther and the Rise of the Auto Workers*.

¹⁷⁵ Stan Luger, *Corporate Power*.

By 1946, there were only nine auto manufacturers.¹⁷⁶ During the next few decades, the industry would further consolidate as the Big 3 came to dominate the U.S. auto industry, while the fourth major U.S. auto manufacturer, American Motors, struggled until the 1980s.¹⁷⁷ The Big 3 dominated because they were vertically integrated. Vertical integration refers to companies controlling production at different stages of the production process. U.S. auto manufacturers design vehicles, produce parts, and assemble those parts into vehicles. GM and Ford owned mines and lumber mills that produced some of the raw materials necessary for their products. Vertical integration helped large manufacturers control the price of production and ensure adequate supply of products.¹⁷⁸ Of the Big 3, GM was the most vertically integrated.¹⁷⁹ GM's vertically integrated structure made it the leader of the auto industry in the post-war period; the auto giant set the standard that other manufacturers had to follow.

In the post-war period, companies raced to sell consumer products. Consumers were ready to purchase but feared rapid price increases if war-time price controls were removed.¹⁸⁰ Consequently, unions fought for increased wages and federal price controls after the war ended. Prior to World War II, union membership had risen to over 28% of the population; after the war, membership remained high. In 1945, the UAW began a strike at GM for higher wages and price controls.¹⁸¹ In 1946, strikes spread around the country as workers demanded a higher quality of life.¹⁸² Despite a long strike at GM, the UAW was unable to achieve all of its goals; the union won a higher wage, but the federal government removed price controls.¹⁸³ Auto prices rose in the

¹⁷⁶ Lawrence J. White, *The Automobile Industry since 1945* (Cambridge, MA: Harvard University Press, 1971).

¹⁷⁷ White, *The Automobile Industry since 1945*.

¹⁷⁸ Ibid.

¹⁷⁹ Ibid.

¹⁸⁰ Lizabeth Cohen, *A Consumer's Republic*.

¹⁸¹ Barnard, *Walter Reuther and the Rise of the Auto Workers*.

¹⁸² Lizabeth Cohen, *A Consumer's Republic*.

¹⁸³ Barnard, *Walter Reuther and the Rise of the Auto Workers*.

1950s and continued to rise in the following decades because GM's annual style change policy required an annual increase in prices.¹⁸⁴ Despite price increases, American cars were enormously popular. Unions and manufacturers both benefited from immense economic and political power.

Auto manufacturers needed to catch up on years of lost sales during the war, so they had to produce new vehicles quickly. This gave unions more leverage. In 1950, the UAW negotiated a historic contract with GM, known as the "Treaty of Detroit." The inclusion of pension benefits and a health plan set the contract apart from those that preceded it.¹⁸⁵ The "Treaty of Detroit" was a win for workers. However, it also set in motion the post-war paradigm. Under this paradigm, health care, pensions, and other benefits that might be provided by the government were instead provided by private enterprise.¹⁸⁶ In 2008, the UAW pension fund would become the subject of scrutiny. Opponents of the labor movement argued that UAW workers had too many benefits and that costly benefits had pushed auto industry to bankruptcy. Between the "Treaty of Detroit" and the 2008 bailout, the UAW's power and prestige fell alongside the U.S. auto industry.

The 1950s led to power and profitability for auto manufacturers. After returning from the war, veterans moved to the suburbs and needed cars to get there. Young suburban families bought millions of cars, so that "three-quarters of American households owned at least one car by the end of the 1950s."¹⁸⁷ Yet, the cars they were buying were not all American. Import sales grew gradually in the 1950s until they were about 10% of all U.S. consumer sales in 1959.¹⁸⁸ Before 1959, U.S. auto manufacturers focused on large vehicles because they were more

¹⁸⁴ White, *The Automobile Industry since 1945*.

¹⁸⁵ Barnard, *Walter Reuther and the Rise of the Auto Workers*.

¹⁸⁶ Cohen, *A Consumer's Republic*.

¹⁸⁷ *Ibid.*, 123.

¹⁸⁸ White, *The Automobile Industry since 1945*, 16.

profitable than small ones; the same logic that led the industry to focus on SUVs in the 1990s.¹⁸⁹ However, the growth of the import market convinced U.S. manufacturers that they could challenge foreign manufacturers on small cars. In 1959, the Big 3 entered the compact car market by importing cars from their European subsidiaries because it was less expensive than building new facilities to produce compact cars.¹⁹⁰ At first, American compacts effectively competed with imports because most imports did not have dealers and servicers.¹⁹¹ Americans chose to buy American because they were easier to buy and service.

Despite initially offering competitive vehicles, GM's annual style change policy mandated that the price and size of the vehicle should always be increased. Long-time GM President Alfred P. Sloan emphasized vehicle size in design because he felt that Americans liked large vehicles. Thus, American "compact" cars continued to grow in length and price during the 1960s. With American "compact" cars no longer compact, customers again turned to imports in the 1960s. By 1968, the import market was even larger than a decade earlier. That year, the Big 3 announced new compact and subcompact models.¹⁹² Unlike their previous foray into compact and subcompact cars, these models were produced domestically, not overseas.

During this era, the Big 3 also began offering sports cars, such as the Ford Mustang. In addition, they added a variety of accessories, such as stereos, cigarette lighters, and chrome plating.¹⁹³ These additions drove up vehicle prices even more. The Big 3's prices were particularly high when compared to imported models that were equipped with few accessories. Confusion over vehicle pricing led to the passage of price labeling laws in the 1950s that

¹⁸⁹ Barnard, *Walter Reuther and the Rise of the Auto Workers*.

¹⁹⁰ White, *The Automobile Industry since 1945*.

¹⁹¹ Ibid.

¹⁹² Ibid., 188.

¹⁹³ Rothschild, *Paradise Lost*, 43.

required dealers to show the list price and other charges that raised the price, such as accessories. However, despite some transparency in dealer pricing, prices still varied between customers because of financing charges.¹⁹⁴ Despite continued price increases, vehicles did not advance technologically between 1945 and 1965.¹⁹⁵ Prices also rose due to increased advertising costs. All U.S. auto manufacturers increased their spending on ads, but GM spent the most. However, because GM sold the most vehicles, the advertising cost per vehicle was lower than other manufacturers.¹⁹⁶

During the 1950s and 1960s, auto manufacturers needed to sell more vehicles to stay afloat. This meant selling vehicles more frequently and encouraging families to buy multiple vehicles. Manufacturers advertised vehicles to both parents and teens. In ads, the ideal suburban family was portrayed as hyper-mobile. These tactics succeeded. Only 7% of families had more than one car in 1950. By 1970, 29% of families had more than one car.¹⁹⁷ As I discuss in the next chapter, GM attempted to sell families on multiple vehicles beginning in the 1930s, but the development of the suburbs helped to spur families to purchase multiple vehicles.

In addition to increased advertising and GM's focus on suburban families, GMAC and captive finance companies helped increase automobile sales, and consequently, increase consumer debt.¹⁹⁸ Increasing personal debt fueled consumers' desires to purchase cars and move to the suburbs. GMAC inspired Ford and Chrysler to create their own credit subsidiaries. These credit subsidiaries drew customers in with offers of available credit for most customers.¹⁹⁹ With

¹⁹⁴ White, *The Automobile Industry since 1945*.

¹⁹⁵ White, *The Automobile Industry since 1945*.

¹⁹⁶ Ibid.

¹⁹⁷ Rothschild, *Paradise Lost*, 44.

¹⁹⁸ Baran and Sweezy, *Monopoly Capital*, 244.

¹⁹⁹ Paul H. Banner, "Competition, Credit Policies, and the Captive Finance Company," *Quarterly Journal of Economics* 72, no. 2 (1958): 241–58, <https://www.jstor.org/stable/1880598>; J. Russell Nelson and John L. Maginn,

easier access to credit, customers took on loans for more consumer purchases. Originally, GMAC was a “limited captive” because it financed GM’s auto customers and dealers.²⁰⁰ However, GMAC expanded into a “mixed captive” in the late twentieth century when it began to make corporate loans and loans to consumers in other industries, such as housing.

Public policy also played a role in encouraging the growth of the suburban population. In 1956, the federal government began building the Interstate Highway System. Between 1956 and 1970, the government spent over \$69 billion more on highways than on rail transit.²⁰¹ This aided suburban sprawl because suburbanites could more easily commute into city centers. Shopping centers cropped up in suburban areas to relieve the traffic congestion caused by suburbanites commuting to urban shopping districts.²⁰² Federal policies encouraged Americans to buy automobiles instead of railway passes because of the proliferation of highways and the ease of credit access. American lives and livelihoods were reformulated around the automobile, giving the Big 3 tremendous political and economic power. In addition to the building and maintenance of highways, other public policies, such as gas subsidies and tax deductions, help to keep Americans’ interest in automobiles high.

Despite the American love of automobiles, some citizens became skeptical of the safety and environmental impact of automobiles. Beginning in the 1950s, some members of the public expressed concern about air pollution. The auto industry offered a solution through “blow-by” devices that reduced the harmful fumes from vehicle exhaust. The industry hoped that the installation of “blow-by” devices would prevent national legislation.²⁰³ However, after the

“Sales Finance Subsidiaries and Their Growth,” *California Management Review* 8, no. 3 (Spring 1966): 77–82, <https://doi.org/10.2307/41165687>.

²⁰⁰ Nelson and Maginn, “Sales Finance Subsidiaries and Their Growth,”

²⁰¹ Luger, *Corporate Power*.

²⁰² Cohen, *A Consumer’s Republic*.

²⁰³ White, *The Automobile Industry since 1945*.

publication of Rachel Carson's *Silent Spring*, the environmental movement continued to grow, and public concern increased. In 1965, Congress passed the Motor Vehicle Air Pollution Act to ease public concerns. The same year, Ralph Nader's *Unsafe at Any Speed* was published and prompted widespread concern about auto safety. The auto industry continued to fight safety and environmental regulations in the following decades. These policy issues will be discussed in more detail in the next chapter and chapters 5 and 6.

Nader's attacks in the 1960s began a period of intense scrutiny for the auto industry. In 1970, Congress passed the Clean Air Act, inaugurating the first emissions standards over much consternation from Detroit.²⁰⁴ Simultaneously, oil crises led to increased imports sales. Auto manufacturers responded by selling compact cars and attacking foreign manufacturers in ads.²⁰⁵ Yet, many American compact cars had design problems. These flawed vehicles damaged the U.S. auto industry's reputation and sales. Consequently, the Carter administration had to bailout Chrysler in 1979.²⁰⁶ With their dominance threatened, the U.S. auto industry turned to the federal government for support. In the 1980s, the federal government rolled back auto safety and emissions regulations.²⁰⁷ These deregulatory moves propped up the industry, but the industry's struggles were signs of tumultuous years yet to come. To remain profitable, GM relied on GMAC.

The Growth and Sale of GMAC

As described in the introduction, financialization is the context for this dissertation. Financialization is "the shift of the center of gravity of economic activity increasingly from

²⁰⁴ Luger, *Corporate Power*.

²⁰⁵ Rothschild, *Paradise Lost*.

²⁰⁶ Luger, *Corporate Power*.

²⁰⁷ Ibid.

production (and production-related services) to speculative finance.”²⁰⁸ Finance has long supported the production of goods and services, such as loans for building factories. However, since the 1970s, finance and related industries, such as real estate and insurance, have expanded to become a greater portion of the economy.²⁰⁹ One reason for this is that both financial and non-financial companies profit from financial activities. John Bellamy Foster and Robert W. McChesney describe this as the “financial-industrial complex.”²¹⁰ The shift toward finance occurred in traditional industrial firms, like GM, as well as the communication industries. For example, General Electric (GE), which owned NBC-Universal for decades, was heavily financialized; by 2008, it derived about 36% of its profits from finance.²¹¹ Similarly, in the auto industry, GM created GMAC in 1919 to help finance dealer and consumer purchases. GMAC’s financial activities expanded to commercial and mortgage lending in the 1990s and 2000s. Eventually, the survival of GM could not be achieved without GMAC, so GMAC had to be bailed out under TARP.²¹²

Financialization means that companies rely more on financial income for profitability. Manufacturing companies want to minimize their risk from and exposure to manufacturing expenses, such as research and development (R&D) spending. In the last few decades, companies have decreased R&D spending because of the high return on investment from financial activities. In the automotive industry, there has been a 40% drop in R&D spending.²¹³ In *Makers and Takers*, Rana Foroohar argues that GM’s reduced spending on R&D was part of

²⁰⁸ Foster and McChesney, *The Endless Crisis*, 18.

²⁰⁹ Foster and McChesney, *The Endless Crisis*; Baran and Sweezy, *Monopoly Capital*.

²¹⁰ Foster and McChesney, *The Endless Crisis*, 43.

²¹¹ Núria Almiron, *Journalism in Crisis*, 133.

²¹² Rattner, *Overhaul*.

²¹³ Rana Foroohar, *Makers and Takers: The Rise of Finance and the Fall of American Business* (New York: Crown Business, 2016).

the reason for the GM ignition switch scandal. In the early 2000s, GM discovered a problem in production where the ignition on some vehicles turned off while the vehicle was on and caused the vehicle to stop. Although the problem was discovered before any vehicles left the assembly line, it was not fixed. Foroohar argues that GM was not focused on design but on efficiency. This meant that GM did not take safety concerns seriously because of the cost of potential fixes.²¹⁴ In addition, emphasis on efficiency meant creating designs that used already existing materials, such as the badly designed Pontiac Aztek.

Financialization is not confined to the auto industry. GE mirrored GM's shift toward finances and away from R&D. In 1932, thirteen years after GM established GMAC, GE established GE Capital. Like GMAC, GE Capital was meant to help customers finance purchases, but "[o]ver time, GE eventually came to act like a bank itself, borrowing money to conduct daily operations, and focusing more on the manipulation of its capital than on the creation of truly innovative products and services."²¹⁵ Jack Welch, CEO of GE from 1981 to 2001, de-emphasized manufacturing and focused on financial services. Once an industrial giant, GE essentially became a bank. Its emphasis on financialization backfired during the financial crisis when GE lost billions of dollars. An investment by Warren Buffet and FDIC loans saved GE.²¹⁶ Thus, the practices at GM are representative of larger industrial trends during this period.

GM had its own Jack Welch: GM CEO Roger Smith. Smith was what some commentators on the auto industry call a "bean counter."²¹⁷ He began in the finance side, not the engineering side, of GM. Smith became chairman at a time when the auto industry was in the

²¹⁴ Ibid.

²¹⁵ Ibid., 154.

²¹⁶ Foroohar, *Makers and Takers*; Antony Currie, "General Electric Finally Gets Past the Jack Welch Era," *New York Times*, November 15, 2013, <https://dealbook.nytimes.com/2013/11/15/general-electric-finally-gets-past-the-jack-welch-era/>.

²¹⁷ Bob Lutz, *Car Guys vs. Bean Counters*.

midst of a crisis. In 1980, the year the Smith became chairman, GM lost money for the first time since 1921.²¹⁸ Yet, even as GM lost money, it still controlled 49% of auto sales; GM and the Japanese manufacturers together accounted for 70% of the market.²¹⁹ By 1980, Japanese auto manufacturers firmly dominated the compact car market because of the oil crises in 1973 and 1979. Further, industry observers frequently criticized U.S. auto manufacturers when comparing them to their Japanese counterparts. While U.S. auto manufacturers were described as slow and error-prone, Japanese manufacturers were efficient and produced cars with fewer problems.²²⁰ During the 1980s and 1990s, American manufacturers fixated on implementing Japanese management style in the U.S.

Although Smith may have been inspired by the productivity of Japanese manufacturing plants, his methods differed. While Japanese auto manufacturers emphasized teamwork among human workers, Smith saw an opportunity to eliminate human workers and create “‘the world’s first 21st-century corporation’ – the first all-electronic manufacturing corporation with a high-tech elite, paperless processes, and peopleless [sic] plants.”²²¹ Smith opposed unions and sought to end them by populating his factories with robots that could build vehicles. GM spent more than its competitors on heavily automating its plants, but quality decreased. GM entered the 1980s with a surplus, which Smith invested in new subsidiaries and updated facilities. Between 1983 and 1985, Smith spent about \$20 billion on various investments, such as automating factories, buying Hughes Aircraft, and creating the Saturn brand.²²² With his purchasing frenzy, Smith made GM into a behemoth that was more than an auto manufacturer.

²¹⁸ Lee, *Call Me Roger*.

²¹⁹ *Ibid.*, 95.

²²⁰ *Ibid.*

²²¹ *Ibid.*, 16.

²²² *Ibid.*

GM also faced issues with management during Smith's tenure. When he tried to reorganize the corporate management structure, Smith sowed frustration and chaos. At the same time, his corporate policies favored management over unionized workers. Worker productivity rose at GM, but unionized workers' wages did not.²²³ While GM's executives received bonuses, unionized workers received less from profit-sharing than their peers at other auto manufacturers. Continued sales losses meant that plants had to be closed for GM to remain profitable. GM even moved plants to Mexico to lower costs. Unionized assembly line workers felt threatened by job losses due to plant closures and downsizing.²²⁴ In 1990, documentarian Michael Moore released *Roger and Me* in which Moore described how GM had abandoned his hometown of Flint, Michigan. *Roger and Me* fueled public criticism toward GM's practice of shutting down plants and devastating company towns for profitability.²²⁵

Smith's drive for efficiency alienated his union workforce, and his automated workforce failed. Yet, because of plant closures, the UAW was cornered. The union negotiated an agreement which required auto manufacturers to rehire one person for every two that were fired or retired. However, the UAW also consented to allowing auto manufacturers to make plants compete for jobs, a practice known as "whipsawing."²²⁶ The UAW thought its concessions would stop plant closures, but the closures continued. Despite U.S. auto manufacturers' betrayal of UAW workers and their communities, the UAW worked with GM on corporate social responsibility (CSR) in the 1990s and 2000s as will be discussed in chapters 5 and 6.

²²³ Ibid.

²²⁴ Ibid.

²²⁵ Therese Kauchak, "Out of Left Field; 'Just Shut up and Build a Better Car,'" *Advertising Age* 61, no. 30 (July 23, 1990): S-8.

²²⁶ Marilyn Kleinberg Niemark, *The Hidden Dimensions of Annual Reports*.

GM's lackluster designs and production problems caused its market share to drop from almost 50% to about 36% during Smith's tenure.²²⁷ Yet, even with its lower market share, GM was still the market leader. GM needed to move cars off lots – fast. Smith decided that financial incentives would help drive consumers to purchase cars that were otherwise not selling well. These national programs offered consumers auto loans with low annual percentage rates.²²⁸ Because GM led the market, Ford and Chrysler were forced to offer their own financial promotions. Financial promotions changed the appeal of American vehicles and reshaped consumer buying habits. Customers wanted low rates and would wait for another low rate to purchase a vehicle.²²⁹ GM seemed to be permanently stuck offering financial promotions.

Smith also initiated another acquisition that would change GM's strategy. In 1984, Smith purchased Electronic Data Systems (EDS), a company founded and run by Ross Perot.²³⁰ Yet, EDS was a fraught purchase. First, Smith did not notify employees who were being transferred from GM that they were being transferred to EDS; some found out from the newspaper instead of their employer. Second, some transferred employees complained about the loss of pay and benefits. EDS paid less, offered fewer benefits, and was not unionized. Third, industry observers were concerned with the purchase because EDS did not deal in computer-aided manufacturing.²³¹ Smith's purchase of EDS harmed his relationship with employees and exemplified his management style. However, EDS also exemplified the type of business that Smith was interested in.

²²⁷ Lee, *Call Me Roger*, 139; Raymond Serafin and Heather Hunt, "The Life and Times of GM under Smith," *Advertising Age* 61, no. 30 (July 23, 1990): S-4.

²²⁸ Lee, *Call Me Roger*.

²²⁹ Ibid.

²³⁰ Marilyn Kleinberg Niemark, *The Hidden Dimensions of Annual Reports*; Lee, *Call Me Roger*.

²³¹ Lee, *Call Me Roger*.

Smith was not only interested in EDS because it could support manufacturing by improving his automated systems. He was also interested in how it could support GMAC's financial offerings. In the mid-1990s, GM leveraged EDS to improve GMAC's services by using information technology to increase the speed with which GMAC could process an application. By 1997, GMAC could review a loan application in "just 10 minutes."²³² Smith recognized that networking technologies were an important component of profiting from financialization. With EDS' technology, GMAC approved customers quickly and made them more likely take a GMAC loan.

By the end of the 1980s, "diversification efforts were growing...combined GMAC, EDS, and GM Hughes Electronics income was up by 55 percent during the first quarter for '87, but vehicle making was down an estimated 72 percent."²³³ Smith had created an auto manufacturer that did not manufacture vehicles, just as Jack Welch created a consumer goods manufacturer that was really a bank. By turning GM into a financial behemoth, he set the auto manufacturer on its trajectory for the next two decades. In the 1990s, GM emphasized financial income through GMAC and focused on sport utility vehicles (SUVs) to reap the most benefit from financial contracts. These two trends would dominate GM's corporate activities and promotional communication from 1990 to 2009.

By 1990, GMAC had become an important part of GM. At the start of the decade, it was a wholly owned subsidiary that contributed to GM's profits through earnings on GMAC stock and auto loan contracts. During this period, GMAC expanded beyond auto finance to other areas

²³² General Motors, *General Motors 1997 Annual Report*, 1998, General Motors Annual Reports 1996-2000 (Box). General Collection, GM Heritage Center, General Motors, 19.

²³³ Lee, *Call Me Roger*, 268.

of financial operations, making it “the largest consumer finance operation in the nation.”²³⁴ This operation subsidized GM’s vehicle sales, even though GM was supposed to be an auto manufacturer.²³⁵ Yet, this advantage also came with disadvantages. GMAC’s credit rating was regularly tainted by GM’s poor credit rating in the 1990s.

In 1990, GM’s Board of Directors voted to replace Smith with Robert Stempel.²³⁶ As would be the theme in later works analyzing GM’s activities in this period, Stempel was greeted as a “car guy” rather than a “bean counter.”²³⁷ Some observers hoped that a “car guy” might be more successful “because it became painfully obvious even to the accountants that better bean counting will no longer ensure the company’s prosperity.”²³⁸ GM continued to close plants in the early 1990s, partially due to misleading financial information that had been released under Smith’s tenure. In many cases, these plants and their communities had made concessions to GM to keep the plants, such as tax abatements.²³⁹ GM used corporate social responsibility to reach out to communities where it operated. Yet, donations could not make up for the lost jobs or millions of dollars in lost tax revenue from abatements. As I discuss in chapters 5 and 6, this is the logic of corporate social responsibility.

In these years, GM focused on becoming “leaner,” which meant laying off more North American workers. By 1991, the corporation had fired about half of its salaried workforce from a

²³⁴ Jane D’Arista and Tom Schlesinger, “The Parallel Banking System,” in *Transforming the U.S. Financial System: Equity and Efficiency for the 21st Century*, ed. Gary A. Dymski, Gerald Esptein, and Robert Pollin (Armonk, NY: M. E. Sharpe, 1993), 157–99, 177.

²³⁵ Julie Froud et al., *Financialization and Strategy* (London: Routledge, 2006).

²³⁶ Maryann Keller, *Collision: GM, Toyota, Volkswagen, and the Race to Own the 21st Century* (New York: Doubleday, 1993).

²³⁷ Lutz, *Car Guys vs. Bean Counters*.

²³⁸ Raymond Serafin, “An Open Letter to Robert Stempel,” *Advertising Age* 61, no. 30 (July 23, 1990): S-1.

²³⁹ Arthur S. Hayes, “Concerns Find It Harder to Leave Town after Receiving Tax Breaks,” *The Wall Street Journal*, March 1, 1993; James Bennett, “G.M. Settles Suit Over Plant Closing,” *The New York Times*, April 15, 1994.

few years earlier.²⁴⁰ GM's healthcare and pension plan obligations were part of the reason for their heavy losses. In addition to cutting jobs, GM was forced to make cuts to its ad budget. In 1990, the corporation announced that 25% of its ad spending would be "cut or delay[ed]."²⁴¹ Even so, in the first quarter of 1990, GM only fell to second place behind Proctor & Gamble, Co., in advertising spending.²⁴² Chevrolet, GM's most popular brand, fell from the number one spot in TV ad spending to number five.²⁴³ However, instead of cutting as much as anticipated, GM decided to spend additional money on a corporate campaign about quality later in the year. In 1991, GM reported plans to cut \$200 million, or 14.3%, of its advertising budget.²⁴⁴ Even with these cuts, GM's divisions combined spent over \$1 billion on advertising.²⁴⁵ GM was a powerhouse in advertising, but it was still suffering from budget problems.

GM was in freefall and needed something to save it. In his first annual review as CEO in 1990, Stempel described how GM was losing money, but its non-automotive subsidiaries, such as EDS, Hughes, and GMAC, were profitable.²⁴⁶ Not only were GM's subsidiaries profitable, but GM was still a behemoth in the market even in dire financial straits. GM had suffered tremendous losses, but it was still the sales leader and would remain the leader for most of the next two decades. A particularly important element of GM's profitability and market dominance was GMAC, which earned over \$1 billion annually. GM described its subsidiary as "America's

²⁴⁰ General Motors, *General Motors 1991 Annual Report: Customer Satisfaction: Our Master Plan*, 1992, General Motors Annual Reports 1991-1995 (Box). General Collection, GM Heritage Center, General Motors, 3.

²⁴¹ "GM Orders Advertising Cuts," *Marketing News* 24, no. 4 (February 19, 1990): 19.

²⁴² Wayne Walley, "P&G Leads Net Spenders," *Advertising Age* 61, no. 35 (August 27, 1990): 36.

²⁴³ Raymond Serafin, "GM Weighs Cuts of \$200 Million in Ad Spending," *Advertising Age* 61, no. 42 (October 8, 1990): 1.

²⁴⁴ Ibid.

²⁴⁵ Raymond Serafin, "GM Group Slashes Ads; Early '91 Cuts May Be Bad Sign for Other Units," *Advertising Age* 61, no. 53 (December 24, 1990): 2-3.

²⁴⁶ General Motors, *General Motors Annual Report 1990: Putting Quality on the Road*, 1991, General Motors Annual Reports 1987-1990 (Box). General Collection, GM Heritage Center, General Motors.

largest finance company.”²⁴⁷ Yet, the connection between GM and GMAC was not always positive.

GM’s losses meant that both GM and GMAC’s credit rating could be downgraded by the credit rating agencies. In December 1991, the credit rating agencies were reportedly planning to downgrade GMAC’s commercial paper, a term that refers to short-term loans issued by GMAC to finance its operations. GM’s losses and profitability issues were bleeding over into the subsidiary that it needed to finance its operations and maintain profitability.²⁴⁸ Without a good rating, GMAC would have struggle to find investors for its commercial paper. GMAC would have trouble borrowing money, so its financial promotions for automobiles would be more costly. As the *New York Times* put it, “In a sense, G.M.A.C., which has been steadily profitable, is suffering for the reputation of its money-losing parent.”²⁴⁹ Indeed, GM’s losses largely continued in 1992; the corporation only made \$92 million, while GMAC made \$1.2 billion.²⁵⁰ GM’s continuing problems meant that GMAC’s credit would be downgraded in 1993, which led to losses in GMAC’s activities outside of auto lending.²⁵¹ The ties between GM and GMAC grew tenuous as GM’s financial position became increasingly precarious.

Stempel improved profitability, but not fast enough for Wall Street. When he resigned in 1992, he was quickly replaced by John F. Smith.²⁵² Smith took the reins of a company that had posted huge losses for the three years running and was facing a tense UAW contract negotiation. With GM employing more UAW workers than Ford and Chrysler, Smith faced the difficult

²⁴⁷ General Motors, *General Motors 1991 Annual Report*, 5.

²⁴⁸ Allen R. Myerson, “G.M.’s Debt Is Causing Wariness,” *The New York Times*, December 26, 1991, sec. D.

²⁴⁹ Myerson, “G.M.’s Debt Is Causing Wariness,” 1.

²⁵⁰ General Motors, *General Motors 1992 Annual Report*, 1993, General Motors Annual Reports 1991-1995 (Box). General Collection, GM Heritage Center, General Motors.

²⁵¹ Jerry Flint, “A Black Eye for GMAC,” *Forbes*, March 14, 1994.

²⁵² General Motors, *General Motors 1992 Annual Report*.

challenge of reconciling the union's concerns with Wall Street's concerns.²⁵³ He needed to turn around profitability in North America where GM had been struggling with balancing the costs of production, costly employee benefits, and lackluster sales. To make ends meet, Smith had to continue his predecessors' cuts, closing an estimated 21 factories.²⁵⁴ To improve profitability, Smith emphasized Roger Smith's tactic of diversification and finance, so GMAC played an important role in marketing and profitability.

In 1993, GM was finally profitable again, earning about \$2.5 billion. The North American market was barely profitable, with \$427 million net profit. In contrast, GMAC earned about \$1 billion profit.²⁵⁵ GMAC's profitability was not only tied to auto finance but also to the mortgage and insurance industries. GMAC broadened its offerings, so customers could get virtually any financial product from the lender. GMAC owned and serviced nearly \$100 billion in total assets. GM's auto business was making money again, but its subsidiaries were booming. The 1996 Annual Report put the situation bluntly: "To many people, GM is a car and truck company. Yet a General Motors with GM-NAO [GM North American Operations] and GMIO [GM International Operations] would still generate sales sufficient to rank among the top 30 in the Fortune 500."²⁵⁶ GM not only had GMAC but also Hughes Electronics, EDS, and Delphi Automotive, its parts subsidiary. These subsidiaries kept GM afloat even as its primary business struggled.

²⁵³ Kathleen Kerwin, James B. Treece, and Zachary Schiller, "Crisis at GM: Turmoil at the Top Reflects the Depth of Its Troubles," *Business Week*, November 9, 1992.

²⁵⁴ Kathleen Kerwin and James B. Treece, "GM Isn't Running on Fumes--Yet," *Business Week*, October 19, 1992.

²⁵⁵ General Motors, *General Motors 1993 Annual Report*, 1994, General Motors Annual Reports 1991-1995 (Box). General Collection, GM Heritage Center, General Motors.

²⁵⁶ General Motors, *What Drives General Motors: 1996 Annual Report*, 1997, General Motors Annual Reports 1996-2000 (Box). General Collection, GM Heritage Center, General Motors, 4.

One of the key assets of GMAC in the 1990s and 2000s was GMAC Mortgage Group. GMAC Mortgage had both residential and commercial divisions. Through its subsidiaries, the lender made loans, serviced loans, and packaged loans into securities that could be sold to investors. In the 1995 Annual Report, GM claimed, “GMAC Residential Funding Corporation is the number-one issuer of private mortgage-backed securities.”²⁵⁷ While GMAC certainly ranked in the top originators and servicers of mortgages, it is unclear whether this ranking is accurate. In 1995, there were fewer mortgage-backed securities (MBS) issued, so it is possible that GMAC issued securities at a higher rate than other companies.²⁵⁸ Regardless, GMAC was likely at or near the top of the issuers of MBS, which would continue to be an important product in the 2000s.

With access to the mortgage market, GMAC could offer a variety of products to consumers. The first customers were the “GM Family.”²⁵⁹ GM tailored its early marketing to the hundreds of thousands of GM employees around the world. As members of the “GM Family,” they were asked not only to buy their cars from GM but also their homes, their insurance, and other financial products. Even as GMAC grew, marketing products continued to emphasize the “GM Family.”²⁶⁰ This approach synergized with GM’s emphasis on using its workers for political and economic gain, a theme explored in Chapter 5. Thus, the corporation’s profitability was not only dependent on financialization but also on employees showing company loyalty by turning some of their paycheck back over to their employer for their mortgage, car loan, or both.

²⁵⁷ General Motors, *General Motors Annual Report 1995: The EV1 Electric Vehicle: Teamwork in Action*, 1996, General Motors Annual Reports 1991-1995 (Box). General Collection, GM Heritage Center, General Motors.

²⁵⁸ Brendan J. Keane, “A Greater Element of Risk,” *Mortgage Banking* 55, no. 8 (May 1995): 26; “Top 100 Originators of Mortgages,” *American Banker* 160, no. 205 (October 24, 1995): 22; “Top 100 Servicers of Residential Mortgages,” *American Banker* 160, no. 205 (October 24, 1995): 24.

²⁵⁹ General Motors, *What Drives General Motors: 1996 Annual Report*.

²⁶⁰ “GM Loan Unit Uses ‘Family’ Program to Attract New Hires,” *American Banker* 168, no. 70 (April 11, 2003): 11.

GMAC eventually expanded beyond the “GM Family,” but the “family” remained an important base of GMAC’s operations and profitability.

GMAC continued to prioritize the mortgage sector through acquisitions in the mid-1990s when it acquired some mortgage servicers and originators.²⁶¹ When GMAC purchased Wells Fargo’s mortgage servicing portfolio in 1998, it gained assets worth about \$28 billion.²⁶² That same year, GMAC bought another portfolio worth \$38 billion.²⁶³ With these acquisitions, GM became one of the top five mortgage servicers. The company serviced nearly \$126 billion worth of mortgages, which amounted to about 1.5 million mortgages.²⁶⁴ In 1998, GMAC’s servicing profile grew by about 58%.²⁶⁵ Their mortgages gave them clout in the market, which kept GM afloat. Beyond buying its way into market power, GMAC also became vertically integrated in the real estate and mortgage businesses. GMAC also purchased a relocation services company, which synergized with its ownership of a real estate company. The corporation’s goal was “to become a comprehensive service for homebuyers.”²⁶⁶ GMAC’s acquisitions gave it considerable holdings outside of the automotive industry.

In 1998, GM underwent another change of leadership. Rick Wagoner was chosen to lead GM as chairman. He became CEO in 2000. With Wagoner as CEO, a financier was again leading the auto manufacturer.²⁶⁷ Wagoner led GM until he was forced to resign after the auto bailout. Under his leadership, GM further emphasized GMAC as a source of profits and shifted

²⁶¹ Juliana Ratner, “GMAC Set to Buy \$4.7 B of Servicing,” *American Banker* 160, no. 234 (December 6, 1995): 11.

²⁶² Heather Timmons, “Joining Mortgage Servicing Exodus, Wells to Sell \$28B Portfolio to GMAC,” *American Banker* 163, no. 64 (April 6, 1998): 1.

²⁶³ Hala Habal, “GMAC Joins Mortgage Elite with \$550m Capstead Deal,” *American Banker* 163, no. 237 (December 14, 1998): 1.

²⁶⁴ Ibid.

²⁶⁵ Edward Kulkosky, “In a Year of Winners, GMAC Mortgage May Have Been Biggest,” *American Banker* 164, no. 73 (April 19, 1999): 4A.

²⁶⁶ Habal, “GMAC’s Relocation Deal Will Bring Mortgage Clout.”

²⁶⁷ Kevin Whitelaw et al., “Can GM’s next Chief Break the Mold?,” *U.S. News & World Report*, October 19, 1998.

toward producing and marketing SUVs. In 2000, GMAC became a thrift institution, also called a savings and loan bank. Although the Gramm-Leach-Bliley Act of 1999 prohibited nonbanks from owning thrifts, GMAC had applied before the bill passed.²⁶⁸ This enabled GMAC to continue growing its financial empire.

In the early 2000s, GMAC increased the number of securitizations it issued. GMAC could raise money for loans by turning its loans into securities that investors could buy. These securities included a variety of loan types, such as subprime loans and negative equity loans, which are also known as underwater loans.²⁶⁹ With over \$5 billion in securities issued in one quarter, GMAC dominated securitizations.²⁷⁰ By 2001, GMAC had become the top commercial lender and the number three online retail lender in the U.S.²⁷¹ However, GMAC still relied on the auto industry for nearly three-quarters of its profits. Despite this margin, the loan provider was interested in continuing to expand outside of automotive financing because “nonautomotive business is growing faster than automotive business.”²⁷² GMAC’s goal was to be a one-stop-shop for all its customers’ financial needs. Their marketing plan even included targeting children and teenagers with ads and educational materials about finance.²⁷³

GMAC dominated commercial lending with large loans, securitizations, and a variety of products offered in the U.S. and abroad.²⁷⁴ GMAC serviced over \$200 billion loans and was

²⁶⁸ Rob Garver and Alan Kline, “General Motors Granted Thrift Charter, Will Be an Instant Mortgage Leader,” *American Banker* 165, no. 78 (April 24, 2000): 2.

²⁶⁹ “GMAC-RFC Has a Record Month for ABS Issuance,” *National Mortgage News* 25, no. 7 (October 30, 2000): 90.

²⁷⁰ “GMAC-RFC Securitized \$5.2 Billion in First Quarter,” *National Mortgage News* 25, no. 31 (April 30, 2001): 6.

²⁷¹ “Top Commercial Lenders,” *National Mortgage News* 25, no. 19 (February 5, 2001): 1; “Top Online Retail Originators,” *National Mortgage News* 25, no. 22 (February 26, 2001): 1; Cristina Gair, “GMAC Commercial Mortgage Ranks No. 1,” *National Real Estate Investor* 43, no. 4 (April 2001): 46.

²⁷² Donna Harris, “GMAC Ads Seek Brand Awareness,” *Automotive News* 75, no. 5922 (March 26, 2001): 18i.

²⁷³ *Ibid.*

²⁷⁴ Upendra Mishra, “Growth Spurt Continues for GMAC,” *National Real Estate Investor* 44, no. 7 (July 2002): 66.

firmly entrenched in the market alongside banks later deemed “too big to fail,” such as Wells Fargo.²⁷⁵ Like its parent company, GMAC also offered different brands to target different kinds of customers, such as *ditech.com*, a site that targeted retail customers in need of home equity loans.²⁷⁶ By 2003, GMAC’s mortgage holdings had caused a massive increase in profits. That year, the company’s earnings were \$2.8 billion, a \$1 billion increase over a year earlier.²⁷⁷

GMAC’s growing size made it an integral to GM. In first quarter of 2004, GMAC earned more than GM’s global auto operations, making it “‘a critical contributor’ to GM profitability.”²⁷⁸ GMAC’s contributions came from both their mortgage interests and auto industry financing interest.²⁷⁹ GMAC continued its practice of acquiring other mortgage servicers and originators to grow its size in the market.²⁸⁰ GMAC’s performance for GM even inspired other auto manufacturers to expand their financing operations. Inspired by GMAC’s success, Toyota Financial Services announced plans to expand into mortgages and other products in 2004. Like GMAC, Toyota wanted to offer customers a variety of financial products that would increase their loyalty to Toyota and Toyota’s profits from finance.²⁸¹ Despite GM’s failings, the auto manufacturer still led the market in auto sales and was a leader in the mortgage industry. U.S. auto manufacturers not only followed GM’s lead in financial promotions, but they also observed GM’s other business strategies to better emulate the firm that had dominated the auto industry for over six decades.

²⁷⁵ Paul Muolo, “Top 10 Servicers Pass 50% Share,” *National Mortgage News* 26, no. 33 (May 13, 2002): 39.

²⁷⁶ Paul Muolo, “GMAC: New Name in the New Year,” *National Mortgage News* 27, no. 11 (December 2, 2002): 25–26.

²⁷⁷ General Motors, *Drive: General Motors Corporation 2003 Annual Report*, 2004, General Motors Annual Reports 2001–2006 (Box). General Collection, GM Heritage Center, General Motors.

²⁷⁸ Dave Guilford, “Auto Loans Bolster GM Profits,” *Automotive News* 78, no. 6090 (April 26, 2004): 16.

²⁷⁹ Erick Bergquist, “GMAC Profits Up; Mortgages Off,” *American Banker* 169, no. 140 (July 22, 2004): 16.

²⁸⁰ Paul Muolo, “GMAC Is Set to Be a Buyer,” *National Mortgage News* 28, no. 47 (August 23, 2004): 23–24.

²⁸¹ Donna Harris, “Toyota Opens Bank That Hopes to Mimic GMAC,” *Automotive News* 79, no. 6116 (October 11, 2004): 46.

GM's problems still plagued their captive lender. GMAC was tied to GM and its credit rating. Despite increasing sales from SUVs and massive downsizing, GM still struggled with profitability. GMAC's profits from auto loans also decreased toward the end of 2004, so the lender shifted to offering rebates to compensate.²⁸² However, the corporation's normal tactics were insufficient. In 2005, due to health costs and accounting errors, GM lost over \$10 billion.²⁸³ GM decided to sell half of GMAC's commercial lending business to provide the parent company with cash. The move also deprived GM of part of its "strongest asset."²⁸⁴ The commercial mortgage unit alone contributed 6% of GM's 2004 profits. In 2005, GM would sell 78% of its commercial mortgage unit to investors for \$9 billion.²⁸⁵ The same year, GM and GMAC's credit was downgraded to junk status, making it increasingly difficult to make loans to keep the corporation afloat.²⁸⁶

Observers in 2005 and 2006 noted the irony that GM was forced to sell one its most profitable parts. The trade journal *Mortgage Strategy* described the conundrum that faced GM: "General Motors was once the poster child of US industrial might. Today, it's a struggling auto maker trying to retool while owing billions to its retirees...The sad thing is that GM really likes the financial services business, especially the residential unit. In 2005 GM lost a whopping \$10.6bn while all of GMAC earned \$2.5bn. What's there not to like?"²⁸⁷ In the face of GM's mounting losses, GMAC could not sustain the corporation. GM sold 51% of GMAC to Cerberus

²⁸² Lavonne Kuykendall, "Auto Finance Slide Hurts GMAC," *American Banker* 169, no. 199 (October 15, 2004): 5.

²⁸³ General Motors, *General Motors Corporation 2005 Annual Report: We Will Succeed*, 2006, General Motors Annual Reports 2001-2006 (Box). General Collection, GM Heritage Center, General Motors.

²⁸⁴ Sharon Silke Carty, "GM Selling Stake in Finance Unit," *USA Today*, March 30, 2005.

²⁸⁵ Paul Muolo, "Poor Old GMAC: Good Child, Bad Parent," *Mortgage Strategy*, April 3, 2005.

²⁸⁶ Bonnie Sinnock, "GMAC Ratings Cut to 'Junk,'" *National Mortgage News* 29, no. 33 (May 9, 2005): 20-21.

²⁸⁷ Paul Muolo, "Poor Old GMAC: Good Child, Bad Parent."

Capital Management, a private equity firm.²⁸⁸ The sale allowed GM to gain some income from GMAC's stock dividends, while retaining GMAC as a source of vehicle financing. GM would have earned "\$13 billion over three years" from the deal.²⁸⁹ Yet, just two years later, GMAC's fortunes would come crashing down with the rest of the mortgage market, leading both GM and GMAC to seek government bailouts.

GM's Brands and the Rise of the SUV

The second trend that defined GM's behavior in the 1990s and 2000s was the rise of the Sport Utility Vehicle (SUV). An SUV is a vehicle that combines the body of a car with the chassis or underbody of a truck. SUVs were first produced in 1935, with the production of the Chevrolet Suburban. However, in part due to the gas crises of the 1970s, SUVs were not popular until the 1980s. By the 1980s, there was a tariff for light trucks. Because of the tariff, U.S. manufacturers could easily dominate the light truck market.²⁹⁰ For U.S. manufacturers, SUVs were a source of profitability in the 1990s and 2000s when they were otherwise struggling. Although SUVs seem outdoorsy, they are mostly driven by urban and suburban consumers who like feel of a vehicle that could be driven off-road.²⁹¹ SUV drivers want to cultivate the image of what it means to buy and drive an SUV. The vehicle offers families an escape from alternatives, like a boring minivan or a large family sedan. SUVs appealed to U.S. auto manufacturers because they had higher profit margins than other vehicles. As I discuss in Chapters 4 and 5, these vehicles had huge implications for customers' safety and the environment.

²⁸⁸ General Motors, *General Motors Corporation 2006 Annual Report: From Turnaround to Transformation*, 2007, General Motors Annual Reports 2001-2006 (Box). General Collection, GM Heritage Center, General Motors.

²⁸⁹ General Motors, *General Motors Corporation 2006 Annual Report: From Turnaround to Transformation*.

²⁹⁰ Bradsher, *High and Mighty*.

²⁹¹ Ibid.

SUVs were also part of GM's emphasis on "badge engineering." GM's divisions were a key part of GM's marketing success in the mid-twentieth century. However, by the 1990s, GM's multitude of brands was viewed with concern. GM's finance staff supported "badge engineering," which meant selling nearly identical vehicles under different names. The goal was to reduce the cost of designing and manufacturing vehicles, but the effect was to reduce the differences between brands and make them less distinct.²⁹² To save money, designers focused on designs that took advantage of existing materials, but this resulted in bad designs, like the failed Pontiac Aztek.²⁹³ Because of "badge engineering," GM's brands competed against each other, instead of eroding the market share of their competitors.

In the 1990s, GM had eight brands: Chevrolet, Buick, GMC, Cadillac, Pontiac, Saturn, Hummer, and Oldsmobile. GM purchased Hummer in 1998 after ending its Geo brand that marketed compact cars in the 1980s and 1990s to compete with imports. Saturn, the newest member of the "GM Family," was started by Roger Smith in 1983 to compete with Japanese auto manufacturers. In 1990, the first Saturn ads aimed to build the new brand's reputation, rather than advertising its new vehicles. The trade publication *Advertising Age* posed the question, "Are they selling cars or running for Congress?" The ads capitalized on "Main Street" values of working-class white Americans building new, better American cars. However, GM struggled to define the brand's other values. The corporation attempted to use Saturn to brand itself as technologically innovative and capable of competing directly with Japanese cars, but the brand failed to appeal to consumers. Even Saturn, which had been created to manufacture compact cars, entered the SUV market.

²⁹² Michelle Krebs, "Vehicles So Much Alike They're Actually the Same," *The New York Times*, October 20, 1999, <https://www.nytimes.com/1999/10/20/automobiles/vehicles-so-much-alike-they-re-actually-the-same.html>.

²⁹³ Foroohar, *Makers and Takers*.

In the 1990s and 2000s, GM further abandoned the compact car market that it had long struggled in. The corporation focused on light trucks and sport utility vehicles. Even with losses in overall market share in North America, GM gained in light truck sales. Due to low gas prices in the early 1990s, light trucks grew in popularity. GM sold more trucks in 1992 than any other auto manufacturer.²⁹⁴ Capitalizing on the popularity and profitability of trucks, auto manufacturers moved to design SUVs that were functionally trucks but combined the appeal of a car and a truck. By the mid-1990s, SUVs made up one third of the auto market in the U.S.²⁹⁵

Even Cadillac, GM's "flagship brand," produced an SUV.²⁹⁶ The luxury SUV market offered even higher profit margins than other full-size SUVs. These SUVs were still dangerous and inefficient but were enormously popular. In 1995, GM announced that it would develop a luxury SUV for Cadillac that would eventually become the Cadillac Escalade. The Escalade attracted luxury buyers who would otherwise opt for a Range Rover or a similar vehicle.²⁹⁷ The Escalade, perhaps unknown to luxury buyers, also used the "badge engineering" strategy; it was essentially an upgraded GMC Yukon, which was virtually identical to the Chevrolet Tahoe. In the end, "Cadillac was essentially taking a \$20,000 work truck, tricking it up with lots of chrome, leather seats, and a fancy stereo, and selling it for close to \$50,000."²⁹⁸ The Escalade entered the market behind Ford's and Chrysler's offerings in 1999, but it improved Cadillac's languishing image and boosted sales.²⁹⁹

²⁹⁴ General Motors, *General Motors 1993 Annual Report*.

²⁹⁵ General Motors, *General Motors Annual Report 1995*.

²⁹⁶ General Motors, *General Motors Corporation 2004 Annual Report: Hands on the Wheel. Eyes on the Road.*, 2005, General Motors Annual Reports 2001-2006 (Box). General Collection, GM Heritage Center, General Motors, 41.

²⁹⁷ Gabriella Stern, "Autos: Cadillac Covets the Range Rover Crowd," *Wall Street Journal*, January 17, 1995.

²⁹⁸ Bradsher, *High and Mighty*, xxi.

²⁹⁹ General Motors, *Drive: General Motors Corporation 2003 Annual Report*.

The popularity of the Escalade was also enhanced by the availability of a new financing product: the auto lease. Auto leases made luxury cars like the Cadillac Escalade more affordable because customers could lease them for a few years at a lower cost than they would buy them. Leases also allowed high income individuals to lease luxury vehicles without having to worry about maintenance costs. Thus, leases appealed both to customers with the aspiration of owning a luxury vehicle and to those who desired to avoid the costs of ownership. By the mid-1990s, 24% of new vehicles were leased.³⁰⁰ Leasing also opened the door to auto manufacturers selling used vehicles. Leased vehicles were usually returned in good condition. Once returned, the vehicle could be marketed and sold to a customer who aspired to own a luxury vehicle but could not purchase a new one. I discuss leased and used vehicle advertising in Chapter 3.

By 1999, thanks to a “red hot” market, GM produced 2.7 million trucks, sport utility vehicles, and minivans.³⁰¹ Each of GM’s brands offered an SUV, but many of them were functionally similar in design.³⁰² In 2001, GM sold more than 1 million SUVs and over 2.6 million trucks, a major milestone. GM further increased its market share through a special 0% annual percentage rate (APR) financing promotion launched after September 11. Profit margins were so high on SUVs that they were even profitable with the 0% financing offer.³⁰³ The financing program merged GMAC’s use of promotions with SUVs’ profitability. Most customers did not qualify for 0% rates, but the gimmick brought customers in. In 2001, because of the popularity of the 0% financing promotion, about 50% of GM’s customers used GMAC, a sharp

³⁰⁰ General Motors, *General Motors 1993 Annual Report*.

³⁰¹ General Motors, *General Motors Corporation 1999 Annual Report*, 2000, General Motors Annual Reports 1996-2000 (Box). General Collection, GM Heritage Center, General Motors, 11.

³⁰² General Motors, *Fasten Your Seatbelt: General Motors Corporation Annual Report 2000*, 2001, General Motors Annual Reports 1996-2000 (Box). General Collection, GM Heritage Center, General Motors.

³⁰³ Bradsher, *High and Mighty*.

increase over the 40% that did in 1999.³⁰⁴ Any loans with 0% rates could still be packaged into asset-backed securities that used auto loans, similar to the MBS that GMAC used in the mortgage industry. The advertising of this program will be discussed more in Chapter 3.

By the mid-2000s, low oil prices and high profit margins meant that auto manufacturers produced even more SUVs. GM continued to be a leader in SUV and truck sales.³⁰⁵ Yet, even while dominating the SUV market and using finance promotions, GM's market share in the industry continued to fall. It decreased from nearly 34% in 1992 to about 26% in 2006.³⁰⁶ In 2005, oil prices began to rise, which signaled trouble for the SUV market. Sales of full-size SUVs declined, while "crossover SUVs" that fused the body style of an SUV with a car chassis increased in popularity because of their higher fuel efficiency.³⁰⁷ Thus, even with the rise in oil prices, SUVs still made up about 55% of the market in 2005.³⁰⁸ Even with high fuel prices, SUVs have not disappeared. Their profitability has ensured that auto manufacturers continue to produce them. SUVs are still a huge portion of the U.S. auto manufacturers' sales; they are so important that Ford may stop producing cars.³⁰⁹ Even Toyota, which has been known for its fuel efficient and small cars, began manufacturing SUVs in the 2000s.³¹⁰ As I discuss in Chapter 5, the continuing popularity of SUVs has contributed to the myth that auto manufacturers are powerless to produce and sell more fuel efficient vehicles.

³⁰⁴ General Motors, *General Motors Corporation 1999 Annual Report*; General Motors, *General Motors Corporation 2002 Annual Report: Determined*, 2003, General Motors Annual Reports 2001-2006 (Box). General Collection, GM Heritage Center, General Motors.

³⁰⁵ General Motors, *General Motors Corporation 2004 Annual Report*, 4.

³⁰⁶ Gina Chon, "GM and Ford Lose More Market Share," *Wall Street Journal*, January 5, 2006, <https://www.wsj.com/articles/SB113630048575736498>.

³⁰⁷ Gina Chon, "GM and Ford Lose More Market Share."

³⁰⁸ General Motors, *General Motors Corporation 2005 Annual Report*.

³⁰⁹ "US Auto Sales Rise as SUVs, Trucks Dominate," *CNBC*, November 1, 2018, <https://www.cnn.com/2018/11/01/autos-sales-rise-15point7percent.html>.

³¹⁰ Harry Stoffer, "Toyota Joins Detroit 3 in CAFE Fight," *Automotive News* 81, no. 6266 (July 30, 2007): 3, 46.

Conclusion

By the 1990s and 2000s, GM put into place practices that would continue even after the auto bailout. In this chapter, I described GM's history during the twentieth century, focusing on how the automaker came to rely SUV sales and GMAC to increase its profitability. SUVs contributed up to 70% of the GM's profits during the 1990s and early 2000s.³¹¹ Yet, its market share continued to drop because GM dropped out of the car market and struggled to distinguish brands due to "badge engineering." The SUV trend has continued since the auto bailout. Despite concerns about safety and the environment, SUVs are more popular than ever. Sales of trucks and SUVs were over 60% of U.S. auto sales in 2018.³¹² Through safetywashing and greenwashing, which I explore in detail later, GM quelled fears about the SUV and turned the choice to drive an SUV into an issue of personal freedom. Yet, this personal freedom continues to threaten consumers' safety and the environment. The promotional communication strategies that I discuss continue to have an impact on consumers' lives and the planet.

GMAC's auto finance promotions also synergized with the profitability of SUVs and enabled GM to make money, even on loans with a 0% APR rate. Further, the financial promotions encouraged more customers to make loans with GMAC. Auto manufacturers have continued to use financial promotions, including an employee financing promotion that GM first used in 2005.³¹³ At the same time, GMAC offered new products, including mortgages and

³¹¹ Julie Froud et al., *Financialization and Strategy*.

³¹² Keith Naughton et al., "The American Sedan Is Dying. Long Live the SUV," *Bloomberg*, January 16, 2018, <https://www.bloomberg.com/news/features/2018-01-16/why-the-american-sedan-is-marked-for-death>.

³¹³ General Motors, *General Motors Corporation 2005 Annual Report*; Gabrielle Coppola and Keith Naughton, "Auto Market Turns for Worse With Lowest Sales Rate in 18 Months," *Bloomberg*, March 1, 2019, <https://www.bloomberg.com/news/articles/2019-03-01/jeep-drop-drags-fiat-chrysler-to-first-sales-decline-in-a-year>.

insurance. These products increased GMAC's profitability, but ultimately put both companies at risk when the market crashed in 2007 and 2008.

This chapter has described how GM grew into the biggest auto manufacturer in the world using auto finance as a key advertising tool. In the 1980s and 90s, facing immense financial problems, GM acquired mortgage companies and other finance companies to expand GMAC beyond the auto industry. In the 1990s, GMAC's auto loan promotions tied into the sale of SUVs. These two trends will be the focus of Chapters 3, 4, and 5. Before discussing how GM's promotional communication approached the sale of SUVs and financial products, the next chapter addresses the history of GM's promotional communication from 1908 to 1990. The narrative provided in Chapter 3 parallels this one by explaining how advertising, PR, and news coverage aided GM's growth during the twentieth century.

CHAPTER 3: GM'S PROMOTIONAL COMMUNICATION BEFORE 1990

Introduction

During the twentieth century, GM grew into the biggest auto manufacturer in the world through its innovative advertising strategies, such as annual models and financial contracts. This chapter is paired the previous chapter to present a complementary history of GM's promotional communication before 1990 and provides important background information for the chapters that follow. I address GM's advertising, public relations, and influence over the news media. GM's advertisements changed in the decades preceding the rise of financial promotions in the 1980s. The automaker tied institutional advertising to public relations and relied on the "family" theme in product advertising. GM's long history of corporate philanthropy evolved into corporate social responsibility. In addition, GM faced two distinct PR challenges in the post-war period: safety and the environment. These issues influenced GM's PR and product advertising for decades. Simultaneous, GM used its influence as an advertiser and manufacture to influence news coverage. The corporation made threats to withholding ad dollars to alter coverage of labor conflicts and other important issues.

I first discuss GM's advertising strategies from the early twentieth century through the 1980s. I focus on two types of advertising: institutional advertising and product advertising. Second, I discuss GM's public relations. I describe GM's history of corporate philanthropy and corporate social responsibility. I then describe GM's PR in response to new regulatory challenges from Ralph Nader and the environmental movement. Finally, I finish with a discussion of how GM has influenced the news, focusing my discussion on news related to the labor movement.

Advertising

Auto industry advertising has been the most studied aspect of auto industry promotional communication. There are three types of auto advertisements: corporate or institutional, such as ads for GM the corporation; subsidiary or brand advertising, such as an ad for multiple Chevrolet styles; and model advertising for a particular model, such as a Chevrolet truck.³¹⁴ For the purposes of my dissertation, brand and model advertising will be treated as variations on product advertising, so I describe their development jointly. In the following pages, I first examine institutional advertising, which was an important factor in GM's growth during the 1920s and 1930s. I then describe the development of GM's product advertising from the early twentieth century through the 1980s.

Institutional advertising promotes an image of a corporation, particularly when that corporation under threat from outside political forces.³¹⁵ Institutional advertisements usually focus on the virtues of the corporation and its philanthropic activities, rather than its products or services.³¹⁶ This chapter considers institutional advertisements those that focus primarily on corporate reputation in a traditional advertising format, such as a print ad. In contrast, other activities for the benefit of reputation, such as sponsoring radio shows, will be considered public relations, as they are not traditional advertisements. My choice is consistent with Roland Marchand's delineation between institutional ads and PR programs.³¹⁷ GM began running institutional advertisements in 1922, when President Alfred P. Sloan discovered that the public

³¹⁴ Heon Stevenson, *American Automobile Advertising, 1930-1980: An Illustrated History* (Jefferson, North Carolina: McFarland & Company, Inc., Publishers, 2007).

³¹⁵ Marchand, *Creating the Corporate Soul*, 48.

³¹⁶ Roland Marchand, "The Inward Thrust of Institutional Advertising: General Electric and General Motors in the 1920s," *Business and Economic History* 18 (1989): 188–96.

³¹⁷ Marchand, *Creating the Corporate Soul*, 236.

was not familiar with the company he ran. The public knew Buicks, Chevrolets, and Cadillacs but did not realize that they were all part of the same company. Sloan set out to change this perception through an institutional advertising campaign that operated internally and externally.³¹⁸

Sloan gathered the divisional heads to form an interdivisional committee on institutional advertisements that worked with infamous advertiser Bruce Barton. Barton suggested that GM present itself and its brands as a “famous family” in which the five automotive divisions were members.³¹⁹ The ads introduced each member of the family, beginning with its most famous member, Cadillac.³²⁰ GM, like AT&T, used its size as a virtue; this boosted public confidence in GM and carried the corporation through the Depression. Furthermore, other ads lauded not only GM, but automobiles themselves. GM showed how prestigious individuals, like preachers and doctors, were able to serve their community more effectively with an automobile. For example, one ad showed a doctor arriving in time to save a patient.³²¹ GM’s institutional campaign promoted the auto manufacturer as a virtuous corporation that represented dependability through its size, history, and technological prowess.

Beyond public perception, GM faced another problem: divisions operated too independently. In addition to implementing a re-organization strategy that emphasized centralization, Sloan sought to unify GM’s divisions by deploying the institutional campaign internally.³²² Ads were displayed in factories, labs, and dealerships. The ads not only improved public perception and internal unity but also paved the way for future product advertising. As

³¹⁸ Marchand, *Creating the Corporate Soul*; Marchand, “The Inward Thrust of Institutional Advertising.”

³¹⁹ Marchand, *Creating the Corporate Soul*, 103.

³²⁰ *Ibid.*, 138.

³²¹ *Ibid.*, 143.

³²² Marchand, *Creating the Corporate Soul*; Marchand, “The Inward Thrust of Institutional Advertising.”

Roland Marchand writes, “the ‘family of cars’ theme of GM institutional advertising and the emphasis of the campaigns on GM research had paved the way for the marketing of new products from the ‘GM Family.’”³²³ Indeed, the initial success of the new Pontiac division in 1925 was attributed to GM’s strong institutional campaign. The campaign was so successful that General Electric emulated GM’s institutional campaign by deploying their institutional campaign internally and externally.³²⁴

With the return of consumer criticism in the 1960s, particularly from Ralph Nader, institutional advertising became an important tool to counter public skepticism across all industries. Yet, GM’s institutional advertising was not always consistent. Despite not ranking in the top 10 institutional advertisers in 1975, GM was number three in 1976.³²⁵ GM has continued to strategically deploy institutional campaigns at other times. In response to its floundering reputation for quality in the 1990s, this campaign centered GM’s quality on its people. One ad in the campaign that was aired during the 1992 Super Bowl opined, “The people at General Motors. Putting quality on the road.”³²⁶ Although institutional advertisements are similar in format to traditional ads, they are now handled by PR departments.³²⁷

Product Advertising

In the *Ecology of the Automobile*, Peter Freund and George Martin state that the diffusion of the automobile in the twentieth century is the result of two things: mass production and marketing. Freund and Martin argue that annual style changes and market segmentation continue

³²³ Marchand, “The Inward Thrust of Institutional Advertising,” 194.

³²⁴ Marchand, *Creating the Corporate Soul*, 161; Marchand, “The Inward Thrust of Institutional Advertising.”

³²⁵ S. Prakash Sethi, “Institutional/Image Advertising and Idea/Issue Advertising as Marketing Tools: Some Public Policy Issues,” *Journal of Marketing* 43, no. 1 (January 1979): 68–78.

³²⁶ Bob Donath, “GM Rolls One for Chairman,” *Marketing News* 26, no. 6 (March 16, 1992): 16.

³²⁷ Ibid.

to “remain major stimulants of consumer demand.”³²⁸ Alfred P. Sloan, longtime president and CEO of GM, created marketing and styling innovations in the 1920s, as described in the previous chapter.³²⁹ For this reason, GM holds a significant place in the history of auto industry advertising. Its developments in advertising sparked changes throughout the industry and inspired the use of similar tactics in other industries. Thus, this section primarily focuses on model advertising as it developed through the twentieth century.

Companies first began using advertising in the nineteenth century. At the time, most ads were similar in format and style to classified ads. In the early twentieth century, ads began using national brand names and strived for brand recognition with jingles and other techniques. In the 1910s, ads shifted toward a “‘reason-why’ approach” that emphasized why a consumer should purchase a product. By the 1920s, advertisers began to focus more on the consumer’s perspective.³³⁰ Some advertisers tried new approaches, including “negative appeals,” such as imagined negative comments about bad breath.³³¹ By the 1930s, advertisers recognized that appeals directed toward consumer experience were the most effective. Auto advertising followed a similar trajectory to advertising writ large. As the auto manufacturing market matured in the 1920s, ads shifted from announcement-style ads comparing vehicles and horses to more sophisticated ads that offered vehicles suited to different consumer lifestyles.

The automobile’s origins date from the late nineteenth century, but the modern incarnation of mass-produced automobiles started in 1908. Automobile ads began in the 1900s and 1910s. These ads focused on technical capabilities and the benefits of ownership to convince consumers to purchase automobiles. Early ads often attempted to persuade buyers that an

³²⁸ Freund and Martin, *The Ecology of the Automobile*.

³²⁹ Marchand, *Advertising the American Dream*, 156.

³³⁰ Ibid.

³³¹ Ibid., 18.

automobile was better than a horse. One ad reasoned that a vehicle would be cheaper to own than a horse because gas was less expensive than feeding a horse.³³² Because of their cost, early automobiles were primarily purchased by wealthy individuals. Interestingly, many people did not consider them a suitable replacement for a horse.³³³ During the 1910s, the auto industry underwent dramatic changes. The Ford Model T became more affordable. However, Ford dealers still only accepted cash, so the market was limited to those who had enough cash to buy the Model T outright.

As the Ford Model T grew in popularity, GM devised a plan to challenge Ford for market dominance. While the Model T remained unchanged, Harley Earl at General Motors instituted styles and models in 1921, a shift that forever changed the auto industry. Earl emphasized annual design changes, also called “planned obsolescence.”³³⁴ “Planned obsolescence” encouraged sales because consumers were more likely to trade in their old vehicle for a new model, even if it was working properly.³³⁵ Advertising cultivated this desire by encouraging consumers to purchase new and stylish vehicles. As described in the previous chapter, within a few years, GM’s annual model and styling changes helped Chevy become the most popular brand in the US.³³⁶ In 1955, Harley Earl remarked, “Our big job is to hasten obsolescence. In 1934 the average car ownership span was 5 years: now [1955] it is 2 years. When it is 1 year, we will have a perfect score.”³³⁷

³³² Jane Stern and Michael Stern, *Auto Ads* (New York: Random House, 1978).

³³³ Ibid.

³³⁴ Stevenson, *American Automobile Advertising, 1930-1980*, 39. Earl described “planned obsolescence” as “dynamic obsolescence.”

³³⁵ Giles Slade, *Made to Break*. This is also be referred to as “psychological obsolescence” because it “put the consumer into a state of anxiety based on the belief that whatever is old is undesirable, dysfunctional, and embarrassing, compared with what is new.”

³³⁶ Marchand, *Advertising the American Dream*, 156.

³³⁷ Cited in Slade, *Made to Break*, 45.

Annual model changes revolutionized the auto industry and auto ads. The industry's success inspired a host of other industries to follow suit.³³⁸

The advent of annual model changes brought auto advertising into its modern arrangement. Auto manufacturers divided the auto market “into many price sectors, and ... product[s] with a measure of individuality ... conspicuously more modern than its predecessors.”³³⁹ With annual models, auto manufacturers targeted designs and advertisements at consumer segments. GM's use of models and styling was one of the earliest examples of market segmentation prior to the 1950s.³⁴⁰ Manufacturers not only competed on technical excellence, but on styling. For example, when auto manufacturers first developed paint color for vehicles, the target audience was women. The addition of paint color “creat[ed] a sense of style.”³⁴¹ When paint colors were finally perfected in 1924, advertisements focused on women's preference for stylishly colored vehicles rather than the customary black car.³⁴²

Models are designed with consumers in mind, and the advertising and marketing plans are tailored to those customers. Key to the promotion of models is the consideration of brands. With its variety of brands, GM could target automobiles to a variety of consumers. In the GM archive, as well as studies of GM ads, Chevrolet and Cadillac often predominate because they are iconic brands. GM positioned Chevrolets as affordable and reliable, while Cadillacs were luxury vehicles. Indeed, any number of songs and films still perpetuate this image of Cadillac, while Chevy's wholesome American image is perhaps best epitomized by the Dinah Shore song, “See the USA in your Chevrolet.” The ads described in the following section are from

³³⁸ Ibid.

³³⁹ Stevenson, *American Automobile Advertising, 1930-1980*, 31.

³⁴⁰ Cohen, *A Consumer's Republic*, 296.

³⁴¹ Marchand, *Advertising the American Dream*, 121.

³⁴² Slade, *Made to Break*, 40.

compilations of auto advertisements. Some of the collections are geared toward collectors or enthusiasts. While they do not paint a comprehensive picture of auto ads, they do shed light on the trends in auto advertising.³⁴³

Until the 1920s, auto ads emphasized “practicality and economy” and “durability and reliability.”³⁴⁴ These ads typically featured a drawing or painting of a vehicle, often in a realistic setting. With the advent of styles and annual model changes, advertisers began to focus more on feeling, emotion, and psychological obsolescence. For example, a 1925 Cadillac ad showed a woman in a fashionable coat and hat in front of a Cadillac, while the copy stated, “your Custom-Built Cadillac will faithfully reflect your own good taste. In this way, it will represent your personal ideal of beauty.”³⁴⁵ The Custom-Built Cadillac was clearly meant to be a luxury item, for well-dressed people with the money to order a car exactly as they wanted it. The ad did not even list a price, stating “at prices consistent with wise investment.”³⁴⁶ Other high-end General Motors makes, like Buick, similarly emphasized style and “smartness.”³⁴⁷ These ads promoted Cadillacs and Buicks as high-end vehicles.

In contrast, Chevrolet was marketed as an affordable, reliable car.³⁴⁸ For example, a 1919 Chevy described Chevy automobile as “dependable and economical transportation” and pitched the price as part of the appeal, “The first cost is low. The upkeep is never a burden.”³⁴⁹ Likewise,

³⁴³ Although a variety of makes and models are featured in these surveys, I focus only on GM brands.

³⁴⁴ Ikuta, *The American Automobile*, p. 11.

³⁴⁵ Ibid., ad no. 59.

³⁴⁶ Ibid., ads no. 59 and no. 105. A later Cadillac ad (no. 105) did list the price, but still featured the same high fashion women.

³⁴⁷ Ibid., ads no. 61, no. 62, and no. 64. Other Buick ads featured vehicles by pools and garden parties (nos. 62 and 64). Another Buick ad (No. 53) emphasized that Buick was “Smart, fine-looking, and very different” with a price tag of \$2350. A Buick ad even incorporated the cast of *Gold Diggers of 1935* (Stern and Stern, *Auto Ads*, 34).

³⁴⁸ Bradley Johnson, “From ‘See the USA in Your Chevrolet’ to ‘Like a Rock,’” *Chevy Ads Run Deep*, *Ad Age*, October 31, 2011, <http://adage.com/article/special-report-chevy-100/100-years-chevrolet-advertising-a-timeline/230636/#1910>.

³⁴⁹ Johnson, “From ‘See the USA in Your Chevrolet.’”

a 1931 Chevrolet ad featured an empty Chevrolet in front of an abstract background. The ad copy praised the reliability of the Fisher Body Works car: “Fisher is proud to have had a part in this achievement and to join with Chevrolet in offering for the first time at modest cost a car of such pronounced charm, all-season utility, and high value.”³⁵⁰ Thus, while Cadillac and Buick aimed for wealthier, more stylish customers, Chevrolet ads targeted consumers with more modest incomes.

While GM drew distinctions between members of the GM family with its ads in the 1920s and 1930s, it also expanded the market for automobiles. In 1920, one out every thirteen Americans had an automobile, but by 1930, nearly one in five did.³⁵¹ Annual models and installment plans helped open the market for automobiles beyond consumers who could pay in cash. GM also incorporated other advertising efforts. In 1928, GM began advertising the second vehicles to families in Chevrolet ads, although the purchase of second cars would not radically increase until after World War II.³⁵² GM and other auto manufacturers also began to reach out to women as a target demographic.

The “flapper” of the 1920s depicted a “modern” woman who used consumption as a road to empowerment and independence. Auto manufacturers took advantage of this imagery in their ads. A qualitative study of *Vogue* from 1920 to 1929 found that “advertisers catered to women’s new sense of freedom while promoting their own agenda of consumption.”³⁵³ For example, a 1923 Cadillac ad described the Type 61 “as the ultimate accessory for the modern woman.”³⁵⁴

³⁵⁰ Ikuta, *The American Automobile*, ad no. 98. Other Chevy ads similar described how “There is no intelligent worker so poor he cannot arrange to buy a Chevrolet” and how “poor laborer[s]” could purchase Chevrolets to avoid Bolshevism (Stern and Stern, *Auto Ads*, 20-21).

³⁵¹ Rothschild, *Paradise Lost*, 26.

³⁵² Marchand, *Advertising the American Dream*, 161.

³⁵³ Einav Rabinovitch-Fox, “Baby, You Can Drive My Car: Advertising Women’s Freedom in 1920s America,” *American Journalism* 33, no. 4 (2016): 372–400, 382.

³⁵⁴ *Ibid.*, 372.

Despite the chic image of the “flapper” woman in Cadillac ads, she was often pictured driving herself, rather than having a chauffeur, as a measure of her independence and self-reliance. These advertisements provided an image of women as independent, consuming citizens with an implied degree of sexual liberation.³⁵⁵ Despite this early foray into advertising to women, American manufacturers largely lost interest in women after World War II because they did not consider women to be the primary purchasers of cars.³⁵⁶ Dealers also played a role in pitching ads toward men because “[dealership] owners were ‘all men,’ powerful figures who made their views known to Detroit and who did not believe women were important customers.”³⁵⁷ Dealers’ regressive views meant that Detroit struggled with marketing to women for decades.

Despite massive growth in the 1920s, the Depression still affected the auto industry. Between 1929 and 1931, almost half of all workers in Detroit were laid off. Detroit’s employment level finally recovered with wartime production in 1942. Despite the struggles of the industry as a whole, the 1930s were good to GM. GM passed Ford to become the dominant auto manufacturer, a position it would hold for decades.³⁵⁸ During the 1930s, advertisers utilized grittier images, such as working-class Americans, rather than the high-income individuals usually depicted in advertisements. Advertisers were also concerned that thrifty behaviors learned during the Depression would forever weaken advertising and lessen the appeal of a lifestyle based on consumption.³⁵⁹ Advertisers adapted and began using appeals based on technological improvements. For example, without explaining how engines actually functioned, GM described its motors as “Knee Action” to entice consumers with technical-sounding

³⁵⁵ Ibid.

³⁵⁶ Ellen J. Gerl and Craig L. Davis, “Selling Detroit on Women: Woman’s Day and Auto Advertising, 1964-1982,” *Journalism History* 38, no. 4 (Winter 2013): 209–20.

³⁵⁷ Ibid., 214.

³⁵⁸ Rothschild, *Paradise Lost*.

³⁵⁹ Marchand, *Advertising the American Dream*, 300.

jargon.³⁶⁰ The Great Depression also spawned critiques of capitalism and consumption, such as those made by Consumers' Union.³⁶¹ GM responded through patriotic campaigns to counter the New Deal philosophy. With the start of World War II, GM's patriotism took on a new life.

As part of the Arsenal of Democracy during World War II, General Motors produced tanks, ammunition, and other supplies. Like other contemporary advertisements, World War II era ads emphasized GM's contribution to the war effort while advocating for the purchase of war bonds.³⁶² For example, a 1943 Cadillac ad showed a large black and white drawing of American soldiers in front of a tank with surrendering Nazis in the background. Above the tank, Cadillac was written in large white letters along with the Cadillac logo. Below the ad, the copy stated, "Making its mark... on a Nazi Mark IV" in large black letters with a description of the M-5 tanks produced by Cadillac.³⁶³ A textbox in the bottom corner of the ad reminded consumers to buy war bonds and stamps. The ever-present call to buy war bonds was present in many ads, such as a 1945 Buick that simultaneously reminded consumers to buy war bonds while stating that victory "will mean such pleasures as an open road, a glorious day – and a bright and lively Buick."³⁶⁴ Aside from patriotic ads, GM used sponsored programming to promote its patriotic image.³⁶⁵ After World War II, GM continued to use patriotic themes, such as its "Keep America Rolling" campaign, and reinforced the notion that consumption was the duty of good citizens.

The 1950s brought a surge of car sales and iconic design changes. The "Forward Look" included tail fins, chrome accessories, wrap-around windshields, and hood ornaments. Invoking the space age, these vehicles sported names like the "Pontiac Strato Star" and the "Oldsmobile

³⁶⁰ Ibid., 350.

³⁶¹ Stole, *Advertising on Trial*.

³⁶² Stole, *Advertising at War*.

³⁶³ Stern and Stern, *Auto Ads*, 59.

³⁶⁴ Ibid., 63.

³⁶⁵ Stole, *Advertising at War*.

Rocket.” Ads further emphasized space-age themes through copy like “True, this Buick won’t Fly – but it does have variable pitch propellers in its Dynaflo Drive.”³⁶⁶ The technical language of “Dyanflow Drive” did not mean much in reality but made consumers think of the technological advances made by GM. GM’s ads created an association between spatial mobility and social mobility. For example, a 1955 Cadillac ad featured a picture of seven men sitting a board room table, having what looks like a business meeting. Below the picture, the ad copy states, “Meeting of ... Cadillac Owners!” Underneath that line, smaller print describes how Cadillacs are owned by men in the upper echelons of the business world, but “you don’t have to be a member of a Board of Directors in order to enjoy a new Cadillac car.”³⁶⁷ The ad implies that buying a Cadillac can help one climb the social ladder. These aspirations are still visible in auto ads today.

The 1950s and 1960s were crucial for another reason. Increasing suburban populations led to a boost in auto sales.³⁶⁸ GM focused its energy on selling second and third cars to growing suburban families. Auto ads incorporated photos, instead of drawings, and became more realistic. Because of the emphasis on selling a second vehicle to growing families, ads in the 1950s emphasized family relationships and how family members could use the vehicle.³⁶⁹ In 1950, only 7% of families had more than one car but by 1970, 29% did.³⁷⁰ People began to change cars more quickly with about a two-year ownership window in the mid-1950s. This flurry of sales led to a production peak in the U.S. auto industry.³⁷¹

³⁶⁶ Grant McCracken, “When Cars Could Fly: Raymond Loewy, John Kenneth Galbraith, and the 1954 Buick,” in *Culture and Consumption II: Markets, Meaning, and Brand Management* (Bloomington and Indianapolis: Indiana University Press, 2005), 53–90.

³⁶⁷ Stevenson, *American Automobile Advertising, 1930-1980*, 16-17.

³⁶⁸ Cohen, *A Consumer’s Republic*.

³⁶⁹ Freund and Martin, *The Ecology of the Automobile*, 62.

³⁷⁰ Rothschild, *Paradise Lost*, 44; Cohen, *A Consumer’s Republic*.

³⁷¹ Cohen, *A Consumer’s Republic*.

The era of elongated cars with tail fins swiftly ended in the 1960s. The most famous car ads of the 1960s were not for Chevys, Cadillacs, or Fords but for Volkswagens. Taking advantage of the cultural upheaval of the 1960s, Volkswagen hired Doyle Dane Bernbach (DDB) to do their advertising in the U.S. DDB began creating “anti-obsolescence ads” beginning in 1959.³⁷² These “anti-obsolescence” ads poked fun at the obvious “planned obsolescence” of styling changes by stating that the outward style of the Volkswagen Beetle changed very little from year to year because the only changes were technological ones. Volkswagen took advantage of the moment and “cleverly made the values of the counterculture accessible and acceptable to middle America, and then pressed them in the service of consumerism.”³⁷³ American manufacturers began to rely more on surveys and consumer information that told them why some consumers preferred foreign vehicles.³⁷⁴ They took advantage of youthful individualism and social reactions against consumerism, using appeals to youth and the freedom associated with owning an automobile.³⁷⁵ For example, a 1966 Corvair ad showed a photograph of a woman lounging on a red Corvair. The copy reads, “A most unusual car for people who enjoy the unusual.” The ad further describes how a man defied market research by trading in “the same black sedan” for a red Corvair and taking a new job.³⁷⁶

The oil crisis of the 1970s prompted a flurry of interest in small, imported cars.³⁷⁷ While American auto manufacturers primarily made large, gas-guzzling vehicles, oil crises made consumers more interested in small, fuel efficient cars. Not to be outdone, U.S. auto manufactures responded with their own cars, designed using market research. In ads, U.S. auto

³⁷² Slade, *Made to Break*, 175.

³⁷³ *Ibid.*, 176.

³⁷⁴ Stevenson, *American Automobile Advertising, 1930-1980*, 243.

³⁷⁵ Freund and Martin, *The Ecology of the Automobile*.

³⁷⁶ Stern and Stern, *Auto Ads*, 114.

³⁷⁷ Rothschild, *Paradise Lost*; Freund and Martin, *The Ecology of the Automobile*.

manufacturers attacked foreign manufacturers directly by claiming that foreign manufacturers could not produce cars that were ideal for Americans. These ads frequently relied on racist stereotypes, such as Americans being larger and unsuited for small, foreign cars.³⁷⁸ Simultaneously, the U.S. auto industry's marketing strategies undermined their attempts at selling smaller cars. The "economical" Chevrolet Vega was priced higher than its counterparts because of GM's strategy of promoting their brand value by making their vehicles more expensive. At the same time, GM's long-time strategy of increasing the size of its cars meant that cars like the Chevrolet Corvair started small but grew annually or had lots of features added; both of which drove up the price.³⁷⁹

The industry was in trouble in the 1980s. Small American cars did not sell well. Some, like the Corvair, had safety issues. With help from the Carter and Reagan administrations, the U.S. auto industry attempted to save money through more lax regulatory standards and policies aimed at limiting the availability of imports. Yet, GM's market share dropped from 49% in 1980 to 36.5% in 1987.³⁸⁰ To combat this decline, CEO Roger Smith heavily automated plants and used financial promotions. Low annual percentage rates brought in customers who were interested in buying vehicles that were otherwise unappealing. These national programs forced others to use the same gimmicks. However, these rates also made customers more skeptical of the value of American cars.³⁸¹ As I discuss in the next chapter, financial promotions became an important strategy in the 1990s and 2000s. They not only helped move cars off lots, but they also provided an influx of loans that could be pooled as part of GM's larger financial strategy. Yet,

³⁷⁸ Rothschild, *Paradise Lost*, 58.

³⁷⁹ *Ibid.*, 81.

³⁸⁰ Lee, *Call Me Roger*.

³⁸¹ *Ibid.*

these ads also posed a problem for consumers because the financial contracts were confusing, and the offers were not always available to consumers.

Public Relations

In the twentieth century, GM was a behemoth and used PR to influence public opinion and public policy. In the following pages, I explore how they did so. First, I describe the development of GM's PR from the early twentieth century through World War II. GM focused on communities where the corporation operated. GM also emphasized how capitalism made technological and scientific progress possible. Furthermore, because of GM's role as a military industrial contractor during World War II, GM's PR also emphasized the connection between capitalism and democracy. Second, I explore how GM addressed public concerns about safety and the environment, two important issues in the post-war period. Although it faced initial setbacks, GM was able to rollback safety and environmental regulations in the late twentieth century.

After the Civil War, monopolies arose across American industries. These monopolies were born on the backs of low wages paid to thousands of workers, which led to massive resentment and discontent between labor and management.³⁸² The Civil War era was defined not only by conflict between North and South but also by strikes and labor uprisings that continued after the war. Farmers and workers demanded equality as populist movements swept the nation.³⁸³ Reform politicians capitalized on these feelings and emphasized the need for wide-scale social change, including regulating corporations. However, the populist uprisings of late nineteenth and early twentieth century also made some social scientists and political leaders

³⁸² Howard Zinn, *The People's History of the United States* (New York: Harper Perennial, 2015).

³⁸³ *Ibid.*

concerned about how much power the uneducated masses had. Scientists and others began discussing how to use scientific measures to control the public.³⁸⁴

In the early twentieth century, muckraking journalism exposed the inequalities in American society. These journalists threatened to expose unsavory corporate practices. The fear of exposure led corporations to turn to the first PR practitioners.³⁸⁵ The first PR agency, the Publicity Bureau, was founded in 1900. PR professionals often had backgrounds in journalism, which gave them the writing skills and connections necessary to furnish press releases and other materials that journalists could use in their articles. Ivy L. Lee, one of the founders of modern PR, worked as a journalist prior to founding Parker and Lee.³⁸⁶ Lee's innovative approach to business PR and shaped tactics that are still used today.³⁸⁷ The origins of what would later be called corporate social responsibility can be traced to early corporate philanthropy in the late nineteenth and early twentieth century.³⁸⁸

Lee strengthened the reputation of PR, depicting his chosen profession as “a candid dispenser of facts.”³⁸⁹ Yet, this description differed from what Lee was hired to do. At the time, corporations used PR to protect themselves after catastrophes. In 1914, the Colorado National Guard killed more than two dozen people during a miners' strike at the Colorado Iron and Fuel Company. Known as the Ludlow Massacre, the disaster sparked public outrage against Colorado Fuel and Iron and its owner, John D. Rockefeller. Working on behalf of Rockefeller, Lee

³⁸⁴ Ewen, *PR!*

³⁸⁵ Ibid.

³⁸⁶ Scott M. Cutlip, *The Unseen Power*.

³⁸⁷ For example, Lee famously advised John D. Rockefeller, Sr., to donate money to improve his public image.

³⁸⁸ Donn James Tilson, “An Alternative View of Social Responsibility: The Ancient and Global Footprint of Caritas and Public Relations,” in *Pathways to Public Relations: Histories of Practice and Profession*, ed. Burton St. John III, Margot Opdycke Lamme, and Jacquie L’Etang (London: Routledge, 2014), 56–74.

³⁸⁹ Ewen, *PR!*, 76.

successfully covered up that Colorado Fuel and Iron was responsible for the deaths.³⁹⁰ He alleged through numerous “credible” sources that the massacre was the union’s fault. He also framed the strike as a business fight through pamphlets titled, “Facts Concerning the Strike in Colorado for Industrial Freedom.” Instead of making excuses for the conflict, the pamphlets used the term “Industrial Freedom” to position the strike as part of a struggle for capitalism. While Lee portrayed himself as a “dispenser of facts,” he carefully crafted “facts” to suit his clients’ needs from sources, like newspapers owned by clients, that seemed credible.³⁹¹

In addition to shaping the “facts” through publicity, companies often engaged in “welfare capitalism” prior to World War I.³⁹² These programs demonstrated that a company cared for its employees and treated the corporation as a “family,” a theme echoed in GM’s ads. Through these paternalistic practices, corporations provided housing, transportation, and other services to their employees. The National Cash Register Company even offered classes for their employees. Of course, these programs were not benevolent. These programs were intended to keep employees from unionizing and complaining about working conditions.³⁹³ Through “welfare capitalism” corporations could promote a good face to the public and their employees.

World War I presented an opportunity for the government to use carefully crafted “facts” to propel the U.S. into an international conflict. Advertising and PR practitioners showed their patriotism by contributing to the government effort. Those contributions served as PR for the growing advertising and PR industries, as well as for their clients.³⁹⁴ The National War Advisory Board marshalled advertisers to produce ad campaigns for government bonds, recruitment, and

³⁹⁰ David Miller and William Dinan, *A Century of Spin*; Cutlip, *The Unseen Power*; Ewen, *PR!*

³⁹¹ Ewen, *PR!*

³⁹² Marchand, *Creating the Corporate Soul*.

³⁹³ Ibid.

³⁹⁴ Roland Marchand, *Advertising the American Dream*.

other issues that utilized donated space. This served as boon for both the ad industry and industries that co-promoted their products and brands alongside government messages.³⁹⁵ The Board worked with the Committee on Public Information, often referred to as the Creel Commission. Some PR practitioners also served as government consultants for the Commission.³⁹⁶ The Creel Commission demonstrated that PR could be used to cultivate public opinion outside of defending against a corporate crisis. After World War I, corporations increased their spending on advertising and PR.³⁹⁷

The Great Depression sparked the election of Franklin D. Roosevelt who sought to alter American society through his New Deal. To American corporations in the 1930s, the New Deal was a threat to their livelihood.³⁹⁸ The advertising industry frequently used PR to prevent regulation. As Inger Stole observes, “public relations would become an essential component of the advertising industry’s campaigns to protect itself from public criticism throughout the twentieth century.”³⁹⁹ Likewise, corporations used PR, along with advertising, to protect themselves from New Deal regulations. For example, Ford Motor Company employed a former reporter to discuss Edsel Ford’s work-ethic and attack the New Deal on the radio.⁴⁰⁰ In the 1920s and 30s, GM had presented the GM “family” to the public through its institutional advertising. In the 1930s and 40s, the GM “family” sought to defend itself from the threats of New Deal legislation through PR that enhanced the appeal of the free market and presented GM as a good corporate citizen.⁴⁰¹

³⁹⁵ Marchand *Advertising the American Dream*; Stole, *Advertising on Trial*.

³⁹⁶ Stole, *Advertising on Trial*.

³⁹⁷ Miller and Dinan, *A Century of Spin*; Cutlip, *The Unseen Power*; Stole, *Advertising on Trial*; Phil Graham, *Strategic Communication, Corporatism, and Eternal Crisis: The Creel Century* (New York: Routledge, 2017).

³⁹⁸ Marchand, *Creating the Corporate Soul*.

³⁹⁹ Stole, *Advertising on Trial*, 2.

⁴⁰⁰ Marchand, *Creating the Corporate Soul*.

⁴⁰¹ Marchand, *Creating the Corporate Soul*.

As GM factories spread beyond the Midwest to other areas of the country, the automaker heavily localized its PR efforts. GM placed ads in church bulletins and local papers while supporting community activities. Thirty-nine factories had PR committees that created a local “Plant City Bulletin.”⁴⁰² GM also published *GM Folks*, an internal magazine, to build camaraderie among their workers. In addition, GM financed the very popular “Parade of the States” radio program. The brainchild of Bruce Barton, the “Parade of the States” featured a “tribute” to each state written by Barton and orchestral music. These efforts helped make the giant GM “family” into a local family with ties to the community. GM also sought to protect its “family” by countering the threat the corporation felt the New Deal posed to capitalism.

GM set out to defend capitalism from the New Deal by associating it with scientific and technological progress. In 1935, GM sponsored the General Motors Symphony Orchestra Concerts that featured messages about traffic safety and technological developments at GM. This radio program emphasized that capitalism enabled GM’s technological developments.⁴⁰³ Similarly, GM’s “Parade of Progress” was a traveling PR campaign that ran from 1936 to 1938. The campaign praised individual initiative as the reason for scientific and technological development, as well as emphasizing how “free enterprise” enabled GM to make advancements in science and engineering.⁴⁰⁴ GM’s emphasis continued with the “Futurama” exhibit at the 1939-1940 New York World’s Fair. The exhibit emphasized a “brighter, technological future.”⁴⁰⁵ The background to that future was a free market that allowed GM to create new technologies to make life easier.

⁴⁰² Ibid., 247.

⁴⁰³ Ibid.

⁴⁰⁴ Ibid., 291.

⁴⁰⁵ Ibid., 291.

GM's PR efforts were complemented by its membership in the National Association of Manufacturers (NAM) trade association. In 1933, NAM launched a campaign that described the "American way" as the only alternative to socialism. As a result, any opposition to business interests was un-American.⁴⁰⁶ As a member of NAM, GM participated in cross-industry efforts to promote the "freedom of enterprise" as a business-friendly addition to the Four Freedoms outlined by President Roosevelt. GM also sought for schools to incorporate a business-friendly perspective in the classroom. GM produced two textbooks: *Transportation Progress* and *Chemistry and Wheels*. Although billed as educational materials, the goal was to influence students' "buying habits" and make corporations seem like trustworthy sources of information.⁴⁰⁷ GM's emphasis on science and technology in education would continue in the decades following.

World War II was an important time for GM and the auto industry. GM was a defense contractor, a role that featured prominently in its advertising.⁴⁰⁸ It was also a sponsor of war-related radio programming, including *Cheers from the Camp* and *Victory is Our Business*. *Cheers from the Camp* featured soldiers speaking to their families over the radio but also allowed GM to use soldiers as an advertising tool. In *Victory is Our Business*, meanwhile, GM workers spoke to their communities about GM's role in the war effort.⁴⁰⁹ Beginning in 1943, GM sponsored the NBC Orchestra, which featured speeches on the war from Charles "Boss" Kettering, a famous GM engineer. GM also sponsored local programs in its factory towns featuring performances by celebrities and workers. This programming was an extension of

⁴⁰⁶ Ewen, *PR!*

⁴⁰⁷ Stole, *Advertising on Trial*, 127.

⁴⁰⁸ Stole, *Advertising at War*. This patriotic emphasis and the importance of supporting the auto industry would be re-emphasized again during the bailout debate.

⁴⁰⁹ Stole, *Advertising at War*; Marchand, *Creating the Corporate Soul*.

earlier efforts to connect with factory towns.⁴¹⁰ GM's workers were an asset both as community members who advocated on the company's behalf and as political tools who persuaded politicians to align with GM's political goals.

The post-war period brought both turbulence and profit to the auto industry. Consumers were unable to purchase cars from 1942 to 1945, so there was a backlog of demand. When the war concluded in August 1945, automobile companies were permitted to return to normal rates of production. They had to reconvert their factories and build new factories in anticipation of more demand.⁴¹¹ During the post-war period, quality of life and purchasing power rose for the middle class; social status was determined by consumption.⁴¹² Consumer spending drove the economy and led to post-war prosperity. GM and the other U.S. auto manufacturers advertised their bigger and better cars hoping that consumers would tire of their unfashionable old cars and purchase new ones. Unfortunately, trouble was brewing for GM. While auto sales increased, consumers grew concerned about auto safety and the environment, two issues that would define GM's post-war PR, advertising, and lobbying.

Ralph Nader, Safety, and the Environment

In the mid-twentieth century, U.S. auto manufacturers felt confident in their position because of American demand for big, flashy cars. In 1960, GM controlled about 50% of the U.S. market. During the 1960s, U.S. manufacturers began to lose market share as they battled safety critiques, the environmental movement, and the growing import market. Safety arose as a national issue in 1966 when President Johnson stated that we needed "to arrest the destruction of

⁴¹⁰ Marchand, *Creating the Corporate Soul*.

⁴¹¹ Frank P. Huddle, "Automobiles in the Postwar Economy," CQ Researcher, August 21, 1945, <https://library.cqpress.com/cqresearcher/document.php?id=cqresrre1945082100>.

⁴¹² Lizabeth Cohen, *A Consumer's Republic*.

life and property on our highways” in his State of the Union address.⁴¹³ Congress passed the National Traffic and Motor Vehicle Safety Act that same year. Simultaneously, the environmental movement fomented public concern about emissions. In 1961, California passed a law authorizing smog control devices, which came installed on 1963 models. This eventually led to federal environmental regulations, including the Motor Vehicle Air Pollution Act of 1965.⁴¹⁴ Despite increased scrutiny, American manufacturers made no major technical changes to U.S. vehicles from 1949 through the mid-1970s largely thanks to lobbying efforts.⁴¹⁵ This section documents how safety and the environment became major areas of PR and lobbying for the auto industry.

Prior to the passage of the National Traffic and Motor Vehicle Safety Act, auto safety was primarily regulated by police who enforced state and local driving laws. By the mid-1960s, mounting auto deaths demonstrated the inadequacy of local prevention measures. Highway engineers began to design safer highways, but automobile deaths reached epidemic levels.⁴¹⁶ Most laws operated at the state and local level. Typically, these laws focused on traffic flow or insignificant technological requirements. According to conventional wisdom at the time, driver negligence was the primary cause of accidents.⁴¹⁷ Ralph Nader and the “third wave” consumer movement sought to position auto safety as a social problem that could be addressed by regulation and technological changes.

⁴¹³ Lyndon B. Johnson, “Annual Message to the Congress on the State of the Union,” Online by Gerhard Peters and John T. Woolley, The American Presidency Project, UC Santa Barbara, January 12, 1966, <https://www.presidency.ucsb.edu/node/238437>.

⁴¹⁴ White, *The Automobile Industry since 1945*.

⁴¹⁵ Luger, *Corporate Power*.

⁴¹⁶ Jerry L. Mashaw and David L. Harfst, *The Struggle for Auto Safety* (Cambridge, MA: Harvard University Press, 1990).

⁴¹⁷ Ibid.

In the 1930s, Consumers' Union, an activist organization, called for regulation of the advertising industry. Unfortunately, Consumers' Union became the target of red-baiting beginning in 1941; a decade of sustained attacks transformed Consumers Union into an organization more concerned with product testing and publishing the *Consumer Reports* magazine than activism.⁴¹⁸ In the absence of sustained activism by Consumers' Union, other consumer organizations emerged in the 1960s and 1970s. Ralph Nader, trained as a lawyer, was at the center of these changes.⁴¹⁹ Nader's activism ultimately influenced Congress to pass "more than twenty-five laws to regulate corporate conduct," some of which targeted the auto industry.⁴²⁰ The resurgence the consumer movement was somewhat short-lived. In 1978, Nader and his allies failed to get Congress to pass a bill to create a Department of the Consumer within the federal government; this signaled the start of an era of enhanced corporate lobbying and public relations.

Ralph Nader's journey to the center of the consumer movement began as a law student at Harvard University in the 1950s. In law school, he first became interested in the auto safety. As part of what has been described as the "third wave" consumer movement, Nader argued that corporations should be held accountable for their products and that "captured" federal agencies made regulation ineffective or difficult to pass.⁴²¹ By the early 1960s, Nader moved to DC where he wrote articles on public safety and automobiles. He even worked as a research assistant for Assistant Secretary of Labor, Daniel P. Moynihan. By 1964, Senator Abraham A. Ribicoff of Connecticut was interested in regulating automobile safety. As part of the Senate Subcommittee

⁴¹⁸ Stole, *Advertising on Trial*.

⁴¹⁹ Stole, *Advertising on Trial*; Cohen, *A Consumer's Republic*.

⁴²⁰ Stole, *Advertising on Trial*, 191.

⁴²¹ Cohen, *A Consumer's Republic*, 355.

on Executive Reorganization, he asked for Nader's input on how the government should intervene.⁴²²

From March to July 1965, the subcommittee held hearings on automotive safety that delved into a variety of issues, including how much GM spent on safety research. At the time, GM's annual revenue was about \$1.7 billion, but it spent only \$1 million on safety research.⁴²³ It became clear that the auto industry prioritized styling, not safety. That same year, Nader's *Unsafe at Any Speed* was published. Nader argued that the auto industry influenced the "traffic safety establishment," including the National Safety Council and the Department of Commerce's Bureau of Public Roads, to turn a blind eye toward safety concerns, despite thousands of deaths and millions of injuries from automobiles annually. Nader charged that auto manufacturers were focused on stylistic successes rather than safety features. Consumers faced the monetary costs of annual styling changes as well as the costs of lives lost from lack of safety features.⁴²⁴ Nader famously dedicated a portion of *Unsafe at Any Speed* to investigating the stylish, but poorly designed, Chevrolet Corvair.

Manufactured from 1960 to 1963, the Corvair had a multitude of problems that resulted in more than 100 product liability lawsuits. Its "swing axle" meant that the Corvair tended to flip over, which GM had ignored during product testing despite concerns from product engineers.⁴²⁵ Some Corvairs also vented carbon monoxide into the cab through the heater. The Corvair lacked an intermediate safety shield, so carbon monoxide became trapped in the car if the windows were up while the heater was on. GM refused to acknowledge injuries and deaths related to the

⁴²² Thomas Whiteside, *The Investigation of Ralph Nader: General Motors vs. One Determined Man* (New York: Arbor House, 1972).

⁴²³ Ibid.

⁴²⁴ Ibid.

⁴²⁵ Ibid.

Corvair's safety problems.⁴²⁶ *Unsafe at Any Speed* led to wide-ranging public concern about automobile safety and placed GM at the center of the controversy. Although the auto industry asserted that Nader's criticisms were unfounded, no manufacturers responded to his challenge to debate him publicly in 1966.⁴²⁷ Furthermore, state investigations into auto safety cropped up. On January 7, 1966, the Iowa Attorney General held a hearing on auto safety with Nader, a few other public intellectuals, and a representative from the Automobile Manufacturers Association. On January 14, 1966, Nader visited GM to see a presentation about the Corvair but left unconvinced that the vehicle was safe.⁴²⁸ Nader's direct challenge to GM led the automaker to pursue its own investigation of Nader to prove that his claims were not credible.

In February of 1966, Nader testified before the Senate subcommittee about auto safety. Prior to the hearing, Nader reported receiving harassing phone calls. After the hearing, he noticed that he was being followed by two individuals. A case of a mistaken identity led a journalist to report in March of 1966 that Nader was being tailed by unidentified individuals.⁴²⁹ This was the beginning of a saga that would lead to a public investigation of GM and a lawsuit from Nader. Initially, the auto industry claimed that they did not have an interest in investigating Nader, and if they had had an interest in doing so, Nader would not have noticed the investigation because it would have been better.⁴³⁰ After evidence surfaced that GM was associated with the investigation, GM issued a statement admitting to it but justified it on the basis that they were only checking on whether he was compromised by ongoing Corvair cases when writing *Unsafe at Any Speed*. GM asserted their investigation was defensible because

⁴²⁶ Ibid.

⁴²⁷ Ibid.

⁴²⁸ Ibid.

⁴²⁹ Ibid.

⁴³⁰ Ibid.

Nader might have used information from pending Corvair cases in *Unsafe at Any Speed* and might have been affiliated with attorneys involved in the Corvair lawsuits.

Nader's prominence as a witness in 1965 and the news coverage of the investigation prompted a Senate investigation into whether GM had broken federal law by intimidating a witness. On March 22, 1966, the Senate subcommittee held a hearing on GM's investigation of Nader. At the start of the hearing, GM apologized for the investigation but denied that any harassment had occurred. Throughout the hearing, GM argued that the investigation had been a routine investigation to determine whether Nader had ties to lawyers or litigants in Corvair cases.⁴³¹ GM's public relations successfully portrayed the automaker as apologetic and penned the blame for any misbehavior on Vincent Gillen, a private investigator hired by GM. The *New York Times*' headline the following day focused on GM's apology rather than the nature of the investigation.⁴³² Nader's testimony focused on the impact of investigation on his reputation because some questions might have led others to assume that he was gay or anti-Semitic. Nader argued that these questions could discourage other critics of the auto industry who might fear that they would be subjected to similar investigations. Although the Senate subcommittee asked the FBI to investigate whether GM had harassed or intimidated a witness, the FBI did not recommend prosecution.

GM's choice to portray Gillen as the "villain" may have resulted in a public relations victory, but it created a legal nightmare.⁴³³ Nader filed suit against both GM and Gillen over violation of privacy as a result of the investigation. GM abandoned Gillen to defend himself, so GM's former private investigator worked with Nader to document the investigation. Gillen

⁴³¹ Ibid.

⁴³² Ibid.

⁴³³ Ibid., 104.

surreptitiously recorded conversations with GM executives and others involved in the Nader investigation; he offered Nader's legal team a transcript of the meeting when GM hired him. The transcript showed that GM wanted to craft a smear campaign that would foment doubt about Nader's investigation. In order to smear Nader's reputation, GM asked for compromising information on Nader's sex life and ties to "leftist" groups.⁴³⁴ Ultimately, Nader and GM entered into a settlement in 1970 to resolve the case. The \$425,000 settlement meant that GM funded Nader's consumer activism.⁴³⁵

GM's investigation of Nader may have also influenced the Senate to pass the National Traffic and Motor Vehicle Safety Act, which was signed by President Johnson in September of 1966. Under the Act, the National Highway Traffic Safety Administration (NHTSA) created safety standards and civil penalties for not meeting those standards; NHTSA was also tasked with the promotion and development of safety technology.⁴³⁶ Under the Act, companies were required to notify customers of defects and recall faulty vehicles. However, it did not include criminal penalties.⁴³⁷ Although the Act was not as strong as Nader wanted, it did have some teeth. On August 18, 1966, GM attempted to dispose of 17,000 customer complaint letters about the Corvair, so that they would not be subject to scrutiny under the pending Act. In April 1971, the letters were found by junk dealers who offered them to both GM and Nader. GM paid \$20,000 for the letters, but it was too late. *Consumer Reports* and others reported on the carbon monoxide complaints found within many of the letters, leading the Department of Transportation

⁴³⁴ Ibid., 134.

⁴³⁵ Cohen, *A Consumer's Republic*; Stole, *Advertising on Trial*.

⁴³⁶ Mashaw and Harfst, *The Struggle for Auto Safety*.

⁴³⁷ Whiteside, *The Investigation of Ralph Nader*.

to notify GM that the heater was a safety issue.⁴³⁸ In 1971, GM finally sent customers letters about the Corvair heater but declined to offer compensation or payment for repairs.

The NHTSA began with lofty goals but has transformed from an organization focused on rulemaking to one focused on recalls. From 1966 to 1974, the NHTSA crafted forty-five rules; yet, it only created a few in the years following. In 1971, the NHTSA released “Program Plan for Motor Vehicle Safety Standards” that included safety technologies that were ahead of their time, such as the air bag. Unfortunately, the plan ran into problems in the courts.⁴³⁹ In *Chrysler vs. Department of Transportation*, the Court ruled that the NHTSA “bore the burden of demonstrating somehow that the technology it was forcing was both technically and economically feasible *and* that it would produce real-world benefits.”⁴⁴⁰ This constraint meant that the NHTSA was held to very high testing standards that delayed innovative technology, like the airbag, for decades. Other court decisions extended the time frame on the rulemaking process, so that “new rounds of notice and comment could go on for decades.”⁴⁴¹ Auto manufacturers celebrated these victories because they could draw out conversations on new technologies and avoid regulation.

While the auto industry’s lobbying and public relations machine grew to deal with public concerns about safety, Nader founded the Center for Auto Safety (CAS) and Public Interest Research Group (PIRG). Through these organizations, Nader and his allies influenced congressional oversight of the NHTSA.⁴⁴² Furthermore, Nader received a multitude of letters about auto defects and safety issues that provided data for the CAS to use to help auto safety

⁴³⁸ Ibid.

⁴³⁹ Mashaw and Harfst, *The Struggle for Auto Safety*.

⁴⁴⁰ Ibid., 95.

⁴⁴¹ Ibid., 100.

⁴⁴² Ibid.

litigation.⁴⁴³ Unfortunately, Nader, the CAS, and PIRG's resources were not infinite. Public interest advocates had gained access to lawmakers, but the auto industry was learning how to slow down rule making and dismantle regulatory structures.

The 1974 amendments to the National Traffic and Motor Vehicle Safety Act heated up the conflict between the auto industry and consumer advocates. The auto industry testified that regulations would create hardship for the industry because of competition from small, imported vehicles and the oil crisis.⁴⁴⁴ They also argued that consumers had a right to choose what vehicles they wanted. This argument would later be used to support selling SUVs despite their environmental drawbacks. The 1974 amendments prioritized the NHTSA's recall authority over its rulemaking power.⁴⁴⁵ Under the amendments, consumers could get recalled vehicles repaired for free, but they were not compelled to get the repairs. Unfortunately, this means that many consumers do not get the needed repairs. As a result of the amendments, the NHTSA shifted toward a model of favoring recalls over rules about safety technology.

The delayed implementation of airbag standards demonstrates the failures of the NHTSA and the ways in which the auto industry has influenced safety regulations. The origins of the airbag date to the 1950s, but they were virtually unused at that time. In 1971, the NHTSA called for the installation of air bags. However, air bags were delayed until the 1990s. At the time, the only auto manufacturer that supported air bags was GM.⁴⁴⁶ Although GM invested millions in airbags, the optional airbag feature was relatively unpopular with consumers when it was offered from 1974 to 1976.⁴⁴⁷ Despite its early start on airbags, GM had fewer airbags in use by 1990

⁴⁴³ Ibid.

⁴⁴⁴ Ibid.

⁴⁴⁵ Ibid.

⁴⁴⁶ Ibid.

⁴⁴⁷ David Phillips, "Impalas' 1973 Airbags Held Up," *Automotive News* 86 (October 31, 2011): 162.

than Chrysler or Ford. In 1991, Congress passed the Intermodal Surface Transportation Efficiency Act that required the use of air bags beginning in 1998. As will be described in Chapter 4, air bags were a key PR issue for GM in the 1990s.

As the industry fought safety regulations, they also dealt with public concerns about pollution and the environment. In response to the environmental movement, Congress passed two major environmental regulations: the Motor Vehicle Air Pollution Control Act in 1965 and the Clean Air Act (CAA) in 1970.⁴⁴⁸ These Acts enabled the Environmental Protection Agency to regulate pollutants from auto emissions, such as carbon monoxide. During the 1970s, the auto industry lobbied against the CAA intensely. As it would argue in the future in the 1990s, the auto industry made the case that fuel economy standards were detrimental to employment; in order to comply with CAA regulations, auto manufacturers would have to cut models and plants. Congress felt that the threat of job losses did not outweigh a speedy implementation of standards. In 1977, the Clean Air Act was amended to lower requirements and extend the time that the industry had to comply with standards.⁴⁴⁹ This would set the stage for decades of the industry slowing environmental standards.

The OPEC embargo in the early 1970s led to more problems for the U.S. auto industry. Consumers began to favor smaller, more fuel-efficient vehicles because of high gas prices. In addition to the CAA, consumer pressure led to the first fuel economy regulations. The NHTSA was authorized to regulate fuel economy through the Corporate Average Fuel Economy (CAFE) standards. While the auto industry opposed fuel economy standards, they could not afford to fight them and had not prepared an elaborate defense. The 1975 Energy Policy and Conservation Act set the first CAFE standards based on vehicle production volume and set monetary penalties

⁴⁴⁸ Luger, *Corporate Power*.

⁴⁴⁹ Luger, *Corporate Power*.

for failing to meet that standard.⁴⁵⁰ The Act also created two categories of vehicles for the purposes of fuel economy standards: passenger cars and light trucks. Light trucks were exempt from CAFE standards because they were primarily used for business. Unfortunately, this compromise had devastating consequences for the environment and vehicle production.

Clean air and environmental regulations were tied to the plight of the auto industry in the 1970s and 1980s. With the threat from Japanese imports, the U.S. auto industry positioned itself as the victim of a foreign aggressor and in need of “relief” to survive.⁴⁵¹ In 1979 and 1980, President Jimmy Carter expressed a willingness to work with the auto industry, including union leaders, to save American automakers. The Carter plan included exemptions from the Clean Air Act, loans to dealers, tax relief, relaxed emission standards, and the creation of an Auto Industry Committee.⁴⁵² President Carter emphasized that the government had an interest in protecting the American auto industry. When President Ronald Reagan entered office, rising import sales still seemed to be threatening the U.S. auto industry. In 1981, the Reagan Administration revised the CAA with looser terms of compliance and other reforms that favored the industry over public health.⁴⁵³ Collaboration between the federal government and the industry would continue to be the norm in the decades that followed.

To exploit the light truck loophole and avoid strict CAFE standards, U.S. automakers began manufacturing and marketing more trucks and SUVs to keep their fleet average within the guidelines. Paradoxically, the law that was intended to curb the use of gas-guzzling vehicles increased their presence on the roads. Furthermore, U.S. fuel economy increased only

⁴⁵⁰ Terry Hathaway, “Corporate Power Beyond the Political Arena: The Case of the ‘Big Three’ and CAFE Standards,” *Business and Politics* 20, no. 1 (2018): 1–37.

⁴⁵¹ Luger, *Corporate Power*, 107.

⁴⁵² *Ibid.*, 107.

⁴⁵³ *Ibid.*

marginally, “from 11.9 mpg in 1973 to 16.9 mpg in 1991.”⁴⁵⁴ The auto industry also learned from their initial failures in the 1960s and 1970s. In the 1990s and 2000s, GM and the auto industry used PR, lobbying, front groups, and greenwashing to fight CAFE standards, while appearing to acquiesce to environmental concerns, as I discuss in chapter 5.

Corporate Social Responsibility

With mounting attacks from consumer groups and activists like Ralph Nader, corporations needed to deploy charity strategically. Corporations began to report their corporate social responsibility (CSR) programs through PR, advertising, and annual reports in the 1970s.⁴⁵⁵ From 1971 through the mid-1970s, GM published the General Motors Public Interest Report. It also held annual public interest conferences from 1971-1974. The report was published primarily for stockholders, academics, the media, and other stakeholders outside the corporation.⁴⁵⁶ The GM Foundation, which was founded in 1976, formalized GM’s corporate philanthropy.⁴⁵⁷ GM’s philanthropy attempted to enhance its reputation in communities where it operated, similar to earlier “welfare capitalism” practices.

GM’s choice to create the GM Foundation in 1976 was a response to the changing atmosphere around corporate PR and activism. In a 1971 memo, future Supreme Court Justice Lewis Powell argued that corporations needed to use their PR, lobbying, and advertising to fight for the free enterprise system. In response, corporate leaders redesigned trade associations around lobbying. New organizations like the Business Roundtable and the American Legislative

⁴⁵⁴ Hathaway, “Corporate Power Beyond the Political Arena,” 13.

⁴⁵⁵ Thomas G. Marx, “Corporate Social Performance Reporting,” *Public Relations Quarterly* 37, no. 4 (Winter 1992/1993): 38–44.

⁴⁵⁶ Ibid.

⁴⁵⁷ David Malone and Robin W. Roberts, “An Analysis of Public Interest Reporting: The Case of General Motors in South Africa,” *Business & Professional Ethics Journal* 13, no. 3 (Fall 1994): 71–92.

Exchange Council (ALEC) sprang up.⁴⁵⁸ GM contributed to both the Business Roundtable and ALEC. Both organizations supported many of GM's lobbying and public relations goals, such as fuel efficiency standards. However, because these coalitions represented broad business interests, they were less active on other issues, like vehicle safety, where member corporations had disagreements.

Neoliberal philosophy emerged with the growth of corporate power in the 1970s. Corporations perpetuated a dichotomy between business and government. Neoliberalism's proponents argued that unfettered free markets were paramount, and that unnecessary big government hurt those markets.⁴⁵⁹ They opposed government regulation, even for safety. Neoliberals and corporations slowly weakened the safety standards that Nader fought for in the 1960s. In this atmosphere, CSR re-emerged. Although the term CSR was first used in the 1950s, it still mainly pertained to corporate philanthropy.⁴⁶⁰ CSR practices would broaden in the 1970s because of the widespread critiques of business. The need for corporate social responsibility and philanthropy was summarized by the Business Roundtable in 1981:

All business entities should recognize philanthropy as good business and an obligation if they are to be considered responsible corporate citizens of the national and local communities in which they operate.⁴⁶¹

The Business Roundtable urged its members to engage in corporate philanthropy to build relationships with communities. Likewise, National Association of Manufacturers (NAM)

⁴⁵⁸ Benjamin C. Waterhouse, *Lobbying America: The Politics of Business from Nixon to NAFTA* (Princeton, NJ: Princeton University Press, 2014); Nichols and McChesney, *Dollarocracy*.

⁴⁵⁹ Waterhouse, *Lobbying America*.

⁴⁶⁰ Brent D. Beal, *Corporate Social Responsibility: Definition, Core Issues, and Recent Developments* (Los Angeles: SAGE Publications, 2015).

⁴⁶¹ Cited in John A. Koten, "The Strategic Uses of Corporate Philanthropy," in *The Handbook of Strategic Public Relations & Integrated Communications*, ed. Clarke L. Caywood (New York: McGraw-Hill, 1997), 149–72: 149.

argued that CSR was necessary because “the pendulum can swing back to the onerous levels of past adversary relationships.”⁴⁶² Both associations argued social responsibility helped corporations build relationships and avoid future problems. By definition, CSR was self-interested PR in which corporations aided communities for a political purpose.

CSR served two purposes. First, it assuaged social concerns about corporate behavior. Corporations were able to demonstrate that they cared about the consumers’ concerns, although there were limitations on what changes corporations would willingly make.⁴⁶³ Second, CSR became a solution to social problems. In the throes of economic crisis and cuts to social services, CSR offered a private solution to the failure of government services. In particular, “the Business Roundtable linked their support for the Reagan tax and spending cuts to increases in corporate philanthropy.”⁴⁶⁴ Under this logic, charity made up for the losses in social services. In reality, corporate philanthropy is insufficient to fill the loss in government support under neoliberalism. Although corporations contribute billions of dollars to charity, the most generous only contribute about 2% of their pre-tax profits, far less than they would contribute in taxes.⁴⁶⁵ Additionally, donations are tax-deductible, so corporations use donations to reduce corporate tax payments, which further erodes the tax base. The biases of corporate philanthropy mean that areas of need, such as “economic development, hunger relief, or job training” often go unmet by corporate donations.⁴⁶⁶

⁴⁶² Donn J. Tilson and Donald Vance, “Corporate Philanthropy Comes of Age,” *Public Relations Review* 11, no. 2 (1985): 26–33, 32.

⁴⁶³ Ian Wilson, *The New Rules of Corporate Conduct: Rewriting the Social Charter* (Westport, CT.: Quorum Books, 2000).

⁴⁶⁴ King, *Pink Ribbons Inc.*, 5.

⁴⁶⁵ Tilson and Vance, “Corporate Philanthropy Comes of Age.”

⁴⁶⁶ King, *Pink Ribbons Inc.*, 5.

In the mid-twentieth century, GM faced intense criticism from Ralph Nader, the consumer movement, and environmentalists. Although the auto industry was unsuccessful at preventing regulations entirely, it severely gutted them by reducing the NHTSA's role in developing safety technology and manipulating the CAFE guidelines. Safety and the environment would continue to be important in the 1990s with GM expending money to support corporate philanthropy and corporate social responsibility campaigns on both subjects. Beginning in 1967, GM incorporated safety into its donations to university research programs.⁴⁶⁷ GM's use of CSR demonstrates that CSR served as "window dressing" for the corporation. As will be discussed in Chapter 4, GM used safetywashed CSR programs to mask their lobbying campaigns against federal safety standards. Likewise, as will be discussed in Chapter 5, GM used greenwashed PR to present their anti-CAFE stance as a protection of individual rights to consume.

Influencing News and Influencing Policy

As I have described, GM quickly learned to fight consumer campaigns for safety and the environment in the 1970s. GM could not forestall regulations but shaped them favorably in the years following. The industry also used its influence over news coverage to control the terms of debate in many policy areas. For example, in the 1990s and 2000s, GM used its front group, Citizens for Vehicle Choice, to turn the debate over CAFE standards into a debate over whether CAFE prevented consumers from buying the vehicles they wanted, like SUVs. Further, manufacturers argued that CAFE standards would endanger consumers' lives because small cars

⁴⁶⁷ Robert L. Bishop and Jane Kilburn, "Penny Whistle or Public's Advocate?," *Public Relations Quarterly* 12, no. 4 (Winter 1968): 27–30.

were less safe than SUVs.⁴⁶⁸ In addition these issues, labor relations were an important area of news influence for GM and its allies for many decades.

At the end of the 1920s, the Big 3 had an oligopoly over American auto manufacturing. Ford, GM, and Chrysler would dominate the industry for decades.⁴⁶⁹ As demand for vehicles grew, the auto industry began to use automation to speed up the production process, leading to a dependency on “unskilled” labor and immigrants.⁴⁷⁰ Because auto manufacturing employed “unskilled” laborers and a variety of craft laborers, it posed a problem for the American Federation of Labor (AFL), which was divided by craft. Members of the AFL wanted autoworkers to be incorporated into existing craft unions instead of creating a union for all auto workers. Between 1933 and 1936, the AFL attempted to organize by craft, but failed. In 1935, the AFL created the United Automobile Workers (UAW) as a union for all auto workers.⁴⁷¹

The UAW and Walter Reuther succeeded where the AFL had failed. A key factor to success in organizing the auto industry was playing the three automakers against each other. Once one auto manufacturer capitulated, the others would too. Reuther strategically chose to begin organizing the UAW at GM. Beginning in 1936, Reuther led workers in a series of strikes. Workers in Flint, Michigan, where GM employed 80% of the population, began striking in 1936 and 1937.⁴⁷² The strikes spread to other GM plants and brought GM production to its knees. After the strikes ended in February 1937, Reuther organized Ford and then Chrysler. Union membership exploded and continued to grow during World War II.

⁴⁶⁸ Hathaway, “Corporate Power Beyond the Political Arena.”

⁴⁶⁹ Barnard, *Walter Reuther and the Rise of the Auto Workers*.

⁴⁷⁰ Ibid.

⁴⁷¹ Ibid.

⁴⁷² Ibid.

After World War II, the auto industry reconverted to civilian production. However, they faced labor turmoil and a wave of strikes. In 1946, the U.S. experienced the most strikes nationwide since 1919 due to stagnating wages and widespread demand for price controls. Workers won a wage increase, but the government removed price controls. Thus, workers spending power was still limited.⁴⁷³ Despite this setback, workers continued to fight for other benefits in their contracts. The “Treaty of Detroit,” the famous contract between the UAW and GM in 1950, included pensions, insurance, and a “no strike” clause.⁴⁷⁴ The “Treaty of Detroit” was not only a labor agreement; it was a symbol of how post-war prosperity would be won. Union workers won heavy benefits from GM, Ford, and Chrysler.⁴⁷⁵ At the time, these gains represented prosperity for blue collar workers, but, in the 1990s and 2000s, critics would claim that the UAW received too many benefits.

During the post-war period, unions had relatively strong membership with nearly 35% of the country unionized in 1954. This was the peak of U.S. union membership in 20th century.⁴⁷⁶ Although labor unions brought prosperity to middle class Americans through gains in wages and benefits, unions were also facing internal turmoil. In 1955, the AFL and CIO merged to form the AFL-CIO. The merger of the more conservative AFL with a more liberal CIO meant a merger of ideals. Reuther, who was president of the UAW for twenty-four years, saw unions as an agent of larger social change. For example, Reuther viewed the 1945 GM strike as a referendum on profit sharing and price controls, two issues that he saw as central to bringing prosperity to workers. He wanted GM to fairly distribute profits and keep prices down under war-time price controls.

⁴⁷³ Cohen, *A Consumer's Republic*.

⁴⁷⁴ Barnard, *Walter Reuther and the Rise of the Auto Workers*, 143.

⁴⁷⁵ Cohen, *A Consumer's Republic*.

⁴⁷⁶ Drew Desilver, “American Unions Membership Declines as Public Support Fluctuates,” Pew Research Center, February 20, 2014, <http://www.pewresearch.org/fact-tank/2014/02/20/for-american-unions-membership-trails-far-behind-public-support/>.

However, the AFL did not share these wider social goals. Because of this and other leadership disagreements, the UAW left the AFL-CIO in 1968. However, UAW members would vote to rejoin the AFL-CIO in the 1980s to combat the decline in union membership.⁴⁷⁷

At the same time as the UAW was questioning the larger goals of the union movement, it also faced internal tensions of its own. In the 1960s and 1970s strikes grew longer. Even when the national organization called off strikes, some locals would continue.⁴⁷⁸ The autonomy and independence of UAW locals also fed into management tactics in the 1980s and 1990s. As GM invested in automation and laid off workers, unions tried to save jobs, and workers began to fear other unionized employees. A practice called “whipsawing” encouraged unionized employees to compete with one another for jobs to the point of negotiating agreements that violated the UAW contract.⁴⁷⁹ In an attempt to save workers’ jobs, the 1987 UAW contract encouraged competition between local unions over jobs. Unfortunately, this compromise did not prevent more plants from closing.⁴⁸⁰

Despite the UAW’s struggles, most Americans believe unions are necessary. Paradoxically, many also believe that unions have too much power, a belief cultivated for decades by corporations.⁴⁸¹ The AFL-CIO merger in 1955 represented a threat to business interests because the joint union could spend more on political action committees (PACs). Trade associations and corporations drummed up public support for management when fighting for

⁴⁷⁷ Barnard, *Walter Reuther and the Rise of the Auto Workers*.

⁴⁷⁸ Niemark, *The Hidden Dimensions of Annual Reports*.

⁴⁷⁹ Niemark, *The Hidden Dimensions of Annual Reports*; Jeffrey S. Rothstein, *When Good Jobs Go Bad: Globalization, De-Unionization, and Declining Job Quality in the North American Auto Industry* (New Brunswick: Rutgers University Press, 2016).

⁴⁸⁰ Marilyn Kleinberg Niemark, *The Hidden Dimensions of Annual Reports*; Rothstein, *When Good Jobs Go Bad*.

⁴⁸¹ Desilver, “American Unions Membership Declines as Public Support Fluctuates.”

labor reform laws in the late 1950s.⁴⁸² They also emphasized the importance of protecting the “free enterprise” system and attempted to associate the labor movement with communism. Unfortunately, the labor movement lacked access to media outlets and struggled to counter these narratives.⁴⁸³ Although strikes continued to be important for accessing workers’ rights, the public was less supportive of strikes than they had been in the past.⁴⁸⁴ Corporations’ opposition to the labor movement would deepen in the 1960s.

As described briefly earlier, the 1971 Powell Memo became a call to arms for all business interests.⁴⁸⁵ The Powell Memo included a variety of suggestions for organizing business interests, including expanding public affairs and public relations departments, using the media, and using investments in universities to shift curriculum. As a member of the Chamber of Commerce, GM was part of the committee that worked to enact these policies.⁴⁸⁶ The Powell Memo not only reshaped the Chamber but re-invigorated corporate lobbying with organized labor as one of its central targets. In the late 1960s, there were about one hundred corporate public affairs offices in Washington; a decade later, there were more than five hundred.⁴⁸⁷ Corporations lobbied individually, but trade associations grew as a way to martial corporate power.

In the 1970s, major trade associations were re-organized to reflect a renewed emphasis on broad business lobbying. NAM created a Public Affairs Committee with seven branches to better

⁴⁸² Elizabeth Fones-Wolf, *Selling Free Enterprise: The Business Assault on Labor and Liberalism, 1945-1960* (Urbana: University of Illinois Press, 1994).

⁴⁸³ Elizabeth Fones-Wolf, *Waves of Opposition: Labor and the Struggle for Democratic Radio* (Urbana: University of Illinois Press, 2006).

⁴⁸⁴ Ibid.

⁴⁸⁵ Waterhouse, *Lobbying America*.

⁴⁸⁶ Nichols and McChesney, *Dollarocracy*.

⁴⁸⁷ Ibid., 79.

respond to lobbying needs.⁴⁸⁸ Likewise, the Chamber underwent changes to represent business and free market interests broadly, adopting a structure like NAM's with a permanent president. The Chamber also began contributing to Business Industry Political Action Committee (BIPAC) by donating \$25,000 to the Political Education Division.⁴⁸⁹ Finally, as mentioned earlier, the Business Roundtable became an important means of corporate lobbying. Its model included dodging lobbying regulations by having CEOs serve as lobbyists:

A CEO chaired each task force and marshaled his own company's personnel and resources to produce position papers and coordinate legislative action. The Roundtable itself maintained a very small administrative staff, did not register as a lobbyist in its own name, and did not actively coordinate fund-raising for political campaigns.⁴⁹⁰

This allowed the Roundtable to avoid reporting requirements, while simultaneously leveraging the personal relationships of its members. The Roundtable was so successful that the CEO of Volvo founded a similar organization in Europe.

General Motors' executives were heavily involved in the formation of Business Roundtable. GM was a member of the "March Group," the pre-cursor to the Roundtable. The "March Group" was a combination of the Labor Law Study Committee (LLSC) and the Construction Users' Anti-Inflation Roundtable (CUAIR).⁴⁹¹ The LLSC developed out of a need to organize against the AFL-CIO's influence over the Johnson Administration. Both organizations challenged the AFL-CIO by funding business challenges to the National Labor Relations Board (NLRB). CUAIR was determined to fight inflation by lowering the cost of production through lower union wages or eliminating union workers. GM, along with Ford, was

⁴⁸⁸ Waterhouse, *Lobbying America*.

⁴⁸⁹ *Ibid.*, 60.

⁴⁹⁰ Waterhouse, *Lobbying America*, 95.j

⁴⁹¹ *Ibid.*

an early member of the organization. In 1973, GM became a member of the newly formed Business Roundtable.

GM's membership in the Roundtable immediately proved useful. In 1978, to combat inflation and unemployment, President Carter created the Council on Wage and Price Stability (COWPS). Although, the rules were intended to limit wage and price increases, they were flexible. GM increased its prices beyond federal limits by negotiating various exceptions.⁴⁹² In the following decades, the Roundtable's membership expanded beyond traditional industrial to include financial firms, pharmaceutical companies, and other major corporations. GM, with its own shift toward finance through GMAC, remained a member.

Although the goals of the Roundtable expanded beyond labor issues, the galvanizing issue at the start was the threat of the labor movement. The labor movement also suffered from changes in the corporate media. In the 1950s, at the peak of the labor movement, it was common for newspapers to have labor reporters who regularly covered union issues. However, some right-leaning newspapers, such as those owned by William Randolph Hearst, made sure to give their labor coverage an anti-labor bent. At the same time, other owners promoted labor stories, demonstrating the power that publishers and editors can have over story framing and tone.⁴⁹³ In an era of corporate ownership, there are few labor reporters left, and corporate owners may have a more vested interest in avoiding labor issues or framing labor issues in management terms. Attempts to cover the labor perspective were, and still are, complicated by the fact that corporations often have stronger and better PR than labor unions.⁴⁹⁴ Thus, reporters may over

⁴⁹² Kim McQuaid, *Big Business and Presidential Power: From FDR to Reagan* (New York: William Morrow and Company, Inc., 1982).

⁴⁹³ Philip Glende, *Labor Makes the News: Newspapers, Journalism, and Organized Labor, 1933-1955* (Oxford: Oxford University Press, 2012).

⁴⁹⁴ Wayne L. Hodges, "Newspaper Coverage of Labor-Management News: The Reporters' Point of View," *ILR Review* 8, no. 1 (October 1954): 90-97.

play the management point of view because they have limited time to research and develop stories.

Coverage of strikes is the primary coverage that the labor movement receives.⁴⁹⁵ Strikes are a show of labor's power, but how they are framed can affect how citizens view and interpret strikes. By overplaying the impact of strikes or focusing on labor as the reason for the strikes, reporters may encourage citizens view strikers unsympathetically.⁴⁹⁶ The UAW and other labor unions have long held that this focus on strikes does not help citizens understand the value of labor contracts for the community. Yet, the lack of drama inherent in agreement means that agreements get less coverage than strikes; citizens may need information on labor agreements to assess the livelihood of their fellow citizens, but the constraints of the commercial media limit that coverage.

Furthermore, with the decline of unionization, media coverage of labor likely shapes public opinion more than it did in the past.⁴⁹⁷ The number of strikes annually has decreased since the 1970s, so strikes typically receive special coverage. This distinguishes and magnifies their importance. Even at *The New York Times*, reporters noted that “the quality, rather than the quantity of coverage may have changed...with the decline in union membership, union-related events are no longer as significant to the economy as was once the case.”⁴⁹⁸ While strikes are covered, they are exceptions to a general lack of coverage of labor issues. Instead of hearing about prolonged struggles, most people hear about union workers as agitators. For example, a

⁴⁹⁵ Hodges, “Newspaper Coverage of Labor-Management News.”

⁴⁹⁶ Ibid.

⁴⁹⁷ William J. Puette, *Through Jaundiced Eyes: How the Media View Organized Labor* (Ithaca, NY: ILR Press, 1992).

⁴⁹⁸ Christopher L. Erickson and Daniel J.B. Mitchell, “Information on Strikes and Union Settlements: Patterns of Coverage in a ‘Newspaper of Record,’” *Industrial and Labor Relations Review* 49, no. 3 (April 1996): 395–407, 405.

study of *Chicago Tribune* stories published between 1991 and 2001 found that strikes and labor disputes made up 37.8% of stories, the largest category of stories about labor.⁴⁹⁹ The *Tribune*'s coverage was largely negative, so unions were positioned as aggressors during strikes.

In addition to strikes, whipsawing and downsizing were often the focus of labor stories in the 1980s and 1990s when GM made UAW locals compete for contracts. Through whipsawing, UAW locals had to articulate their value in monetary terms, while acquiescing to the corporate logic that whatever was in the best interest of GM was in the best interest of the community. In 1991, GM made the decision to close either the Willow Run plant in Michigan or the Arlington, Texas, plant. GM announced that the closure would be based on which plant was more costly to keep open. This launched a fight for survival between the plants as both attempted to reduce costs.⁵⁰⁰ The media pounced on the drama of the “whipsawing.”

The media did not ask whether the downsizing was necessary or why factory workers were being asked to sacrifice more than the executive suite. Furthermore, the story's framing placed emphasis on what the communities would do instead of asking why GM would do this to communities that it supposedly cared about.⁵⁰¹ Even though GM made numerous public statements alleging that the company was not seeking tax breaks in exchange for keeping the factories open, both communities offered GM massive tax breaks to keep the automaker happy. Additionally, the workers in Arlington were willing to make changes to their union contract, while those at Willow Run were not. GM chose to close Willow Run. The media's praise of Arlington's willingness to compromise indicates that labor receives positive coverage when it acquiesces to management.

⁴⁹⁹ Robert Bruno, “Evidence of Bias in the Chicago Tribune Coverage of Organized Labor: A Quantitative Study from 1991 to 2001,” *Labor Studies Journal* 34, no. 3 (September 2009): 385–407, 394.

⁵⁰⁰ Christopher R. Martin, *Framed!: Labor and the Corporate Media* (Ithaca, NY: Cornell University Press, 2004).

⁵⁰¹ Martin, *Framed!*

Yet, it should have been a surprise that GM chose to close Willow Run. Even with Arlington's concessions, Willow Run was cheaper.⁵⁰² The Township of Ypsilanti, Michigan, home of Willow Run, sued GM on the basis that GM had been granted tax breaks to maintain a factory that it was now closing. Instead of debating the merits of the giving tax breaks to corporations that can simply walk away, the media positioned Ypsilanti as fighting a needless battle in the face of downsizing. GM still closed the plant. The court case revealed that Willow Run was cheaper than Arlington all along, but that could not save Willow Run.⁵⁰³

Although Arlington won the factory, local problems persisted. GM received tax breaks, and workers agreed to work more hours. Yet, GM decided to cut the union workforce at the plant. Even when GM made clear that Arlington might still close in a few years, the local newspaper, the *Dallas Morning News*, praised GM for keeping any jobs in Arlington. Effectively, the *Morning News* argued that auto workers should be grateful to GM for giving up on a deal for which they had sacrificed. The *Morning News* also praised the workers for the concessions made in their modified contract. However, the workers began to tire of the lost money and benefits.⁵⁰⁴ The loss of income hurt not only the workers but also Arlington. GM's years of tax abatements led to a poorly funded school district. Rather than considering the negative externalities of the factory, the *Morning News* continued to praise GM. The commercial media stood by the corporation rather than the community members.

The problems of the *Morning News* are more widespread than they appear. As I examine in chapter 7, auto manufacturers and auto dealers are major advertisers for local news outlets. Auto dealers typically receive funds for advertising from the manufacturer and provide

⁵⁰² Ibid.

⁵⁰³ Ibid.

⁵⁰⁴ Ibid.

additional funds from their own accounts. At the local level, dealers provide so much funding that some television stations no longer cover auto stories. Local car dealers often boycott or remove ads based on coverage.⁵⁰⁵ Stations and newspapers may also cancel or revise stories in light of dealers' criticism. The influence of dealers has hindered consumer interest stories about cars and dealers, which might protect consumers from fraud and lemons.⁵⁰⁶ GM has also shown itself to be willing to pull advertising from national media, including NBC, the *Wall Street Journal*, and the *Los Angeles Times*.⁵⁰⁷ As commercial propaganda, ads not only shape consumers perception of vehicles, consumerism, and capitalism, but also give advertisers significant leverage over commercial news.

In recent years, journalism has faced a funding crisis, particularly at newspapers. Budgets have been slashed because ad dollars have declined.⁵⁰⁸ Given that the auto industry is one of the largest ad spenders nationally, they have tremendous leverage over news content. The decline of labor news has led to an increase in business and financial news, which is particularly vulnerable to the use of corporate press releases.⁵⁰⁹ Previous studies have found that local news, even when covering labor struggles, can be biased toward corporate interests. Further, this imbalance may be even worse at the national level. One interesting exception in the coverage of Willow Run was the *Detroit News*, which offered more balanced coverage between the union and GM; interestingly, the paper's corporate owner, *USA Today*, was biased toward GM.⁵¹⁰ I explore the

⁵⁰⁵ Ronald K. L. Collins, "Cars & Censorship: How Advertising Pressure Can Corrupt a Free Press," *Advancing the Consumer Interest* 4, no. 2 (1992): 6–12.

⁵⁰⁶ Steven Waldman, "Consumer News Blues," *Newsweek*, May 20, 1991; Keller, *Collision*.

⁵⁰⁷ Sheila Dougherty, "The Week," *Advertising Age* 76, no. 32 (August 8, 2005): 10.

⁵⁰⁸ McChesney, *Digital Disconnect*.

⁵⁰⁹ Hayg Oshagan and Christopher Martin, "Coverage of Labor and Management in the Willow Run Assembly Plant Shutdown," *Labor Studies Journal* 23, no. 4 (Winter 1999): 17–33.

⁵¹⁰ *Ibid.*

issue of local coverage of auto industry problems in chapter 7, which addresses coverage of the auto bailout by the *Detroit Free Press*.

Conclusion

The auto industry has used commercial propaganda to shape public opinion in critical areas. GM used both institutional and product advertising to shape the its public image and the public perception of its products. Yet, product advertising has done more than sell cars. The popularity of the automobile has reshaped American society around driving from federal road subsidies to the interstate highway system.⁵¹¹ This restructuring has led to a variety of externalities, including pollution and safety concerns.⁵¹² GM used its PR to fend off the most stringent safety and environmental regulations while reshaping regulations to suit corporate needs. Finally, advertising allows GM and its dealers access to news outlets that can be leveraged to publish corporate PR. As commercial propaganda, promotional communication shapes consumption and public policy through the commercial media system. In the following chapter, I focus on how GM's advertising in the 1990s and 2000s co-promoted on financial contracts SUVs.

⁵¹¹ Luger, *Corporate Power*.

⁵¹² Keller, *Collision*.

CHAPTER 4: FUELING FINANCE THROUGH SUV ADVERTISING

Introduction

In 1990, GM was the biggest auto manufacturer in the world and one of the biggest advertisers. Its cars were featured in TV shows, films, songs, and at sporting events, all of which served as advertising. My previous chapter described GM's promotional communication before 1990 and explained how GM modernized auto advertising through models and styling. When U.S. auto manufacturers began to lose out to foreign manufacturers in the 1980s, GM shifted toward finance. In the 1990s and 2000s, some auto ads put financing and leasing options before features and information about vehicles. This brought customers into dealerships for offers that were seldom available to them. In this chapter, I argue that GM used ads that featured financial promotions to co-promote GMAC products and GM vehicles. Unfortunately, these promotions can have negative consequences for consumers. Although the FTC has rarely investigated auto advertising, there have been two key investigations that show how auto manufacturers and dealers misuse the fine print on auto ads.

In this chapter, I first describe the GM's advertising spending in the 1990s and 2000s. I then discuss trends in auto ads with an emphasis on SUV safety and environmental appeals. For most of the chapter, I focus on special financing promotions in auto ads. In particular, I examine how auto manufacturers advertised 0% APR rates in the 2000s. Next, I describe how Consumers' Union and Public Citizen responded to fraud by auto dealers that has been enabled by misleading advertising. I conclude with a discussion of auto leasing and planned obsolescence.

Auto manufacturers and dealers are some of the largest advertisers in the world. Their ads are profitable for ad agencies and media companies. Accounts with auto manufacturers come with prestige for agencies because of the cost and high-profile nature of the ads. *Mad Men*, a

television show centered on a New York ad agency, dramatized this when the agency competed for an account with Jaguar. In speech to his employees, Don Draper describes the importance of landing Jaguar: “Every agency on Madison Avenue is defined by the moment they got their car. When we land Jaguar, the world will know we’ve arrived.”⁵¹³ Although U.S. auto manufacturers had lost market share by the 1990s, they had not lost advertising power. In 1990, GM was ranked the fourth biggest advertiser, with about \$1.5 billion in ad spending, a massive increase from just five years earlier when GM ranked fifth and spent about \$800 million.⁵¹⁴ Even adjusting for inflation, GM spent \$500 million more in 1990 than in 1985. Likewise, by 2005, GM was spending over \$4 billion dollars on advertising annually.⁵¹⁵ Adjusted for inflation, this was double the amount spent in 1990.⁵¹⁶ GM was not alone in its splurge; spending by all advertisers has gone up over the decades.⁵¹⁷

By the numbers, GM has been one of the biggest advertising spenders for decades. As the trade publication *Advertising Age* put it in 1999, “At the top, the annual list contains one sure axiom: If you're not Procter & Gamble Co., GM or Philip Morris, you don't belong there. Its [sic] a virtual divine right that one of these three top the list, for none other has reached the pinnacle.”⁵¹⁸ Over the decades, GM was one of the biggest advertisers in the world and the biggest in the auto industry. Despite increased ad spending, GM’s share of the market plummeted during this period, as described in Chapter 1. Some auto market observers argued

⁵¹³ *Mad Men*, Season 5, Episode 9, “Christmas Waltz,” directed by Michael Uppendahl, aired March 20, 2012, on AMC.

⁵¹⁴ R. Craig Endicott et al., “100 Leading National Advertisers,” *Advertising Age* 63, no. 1 (January 6, 1992): S-2.

⁵¹⁵ R. Craig Endicott, “100 Leading National Advertisers; Procter & Gamble Surges Past General Motors to Grab Top Spot as Leaders’ Advertising Slows to \$101.31 Bil amid Heavy M&A Activity,” *Advertising Age* 77, no. 26 (June 26, 2006): S-1.

⁵¹⁶ Calculations made using the CPI inflation calculator <https://data.bls.gov/cgi-bin/cpicalc.pl>

⁵¹⁷ R. Craig Endicott, “Since ‘Ad Age’ Rankings Were First Published in the ’50s, Autos, Food and Drugs Have Powered the Advertising Engine: Marketing Elite,” *Advertising Age* 70, no. 13 (March 29, 1999): C128.

⁵¹⁸ Endicott, “Since ‘Ad Age’ Rankings Were First Published in the ’50s.”

that GM lost market share because financial incentives lowered the value of GM's products through association with cheapness, while others have argued the GM simply suffered from bad design during this period.⁵¹⁹ Alternatively, the loss in market share may have been the result of GM's decision to largely drop out of the car market in favor of more lucrative SUVs and trucks. Regardless, financial incentives increased the overall market in some years. For instance, in 2001, manufacturers sold about 21 million vehicles, instead of the usual 17 million. Because of their success, financial promotions even spread to initially resistant Japanese auto manufacturers. GM pushed these financial promotions harder than its competitors because its status as the market leader enabled the corporation to do so.

During the 1990s and 2000s, GM changed their media makeup. This chapter addresses both print and TV advertisements to draw similarities between them. In 1990, GM spent almost 48% of its ad dollars on TV. In contrast, GM spent about 23% of its dollars on magazines, Sunday magazines, and newspapers combined; this sum amounted to less than the \$450 million spent on network television.⁵²⁰ By 2006, GM spent about 10% of its ad dollars on newspapers and about 60% on TV. Magazines took up most of the remainder.⁵²¹ As time went on, GM's spending shifted more toward TV with internet spending growing in small increments in the mid-2000s. Beyond GM's corporate spending, GM dealers also spent money at local news stations and newspapers nationwide. Many of these promotions were partially supported by GM, but money was also contributed by the local dealer. When dealer spending is added, spending on auto ads climbs even higher. GM and its dealers command hundreds of millions of dollars in

⁵¹⁹ Jean Halliday, "Amid Sea Change, Goal Is Stay Afloat; AUTOMOTIVE: It's the Old Perception/Reality Quandry; Detroit Needs to Convince Consumers It Makes Quality Cars," *Advertising Age* 77, no. 26 (June 26, 2006): S-17.

⁵²⁰ "The Nitty-Gritty of Top 100 Who's Who; From American Brands to Wrigley, How America's Top Marketers Spend Their Ad Dollars," *Advertising Age* 64, no. 41 (September 29, 1993): 51.

⁵²¹ "Ad Spending by Medium, 1960-2006," *Advertising Age* 78, no. 26 (June 25, 2007): S-6.

local media spending for TV stations and newspapers. Chapter 7 describes how GM's ad spending commanded influence in the newsroom and gave GM and its dealers access to commercial media.

Auto Ads in the 1990s and 2000s

As described in chapter 2, two trends defined the auto industry in the 1990s: the rise of SUVs and the increasing importance of auto finance. GM's advertising connected these trends by co-promoting SUVs and auto loans. Of GM's fleet, SUVs were the most advertised during this period; ads for SUVs made up \$9 billion of the auto industry's ad spending from 1990 to 2001. This total reflects a rapid rise in spending on SUVs in the late 1990s and 2000s; by 2001, the auto industry spent over \$1 billion annually on SUVs.⁵²² In the following pages, I examine previous work on SUV advertising and its use of the environment and safety as themes. This serves as background information for both the study of advertising in this chapter and the studies of greenwashing and safetywashing later in this dissertation.

Most book-length studies of automobile advertising are non-scholarly works that focus on the appeal of vintage car ads.⁵²³ Despite the noted importance of price in selling cars,⁵²⁴ most scholarly studies focus on the styling, models, and symbolic meaning related to the automobiles themselves. Ads for SUVs exploit the idea of people exploring nature, even though most drivers will never take their vehicle off-road. Furthermore, these ads counter the narrative of SUVs as

⁵²² Bradsher, *High and Mighty*.

⁵²³ See for example Michael Frostick, *Advertising and the Motor-Car* (London: Lund Humphries, 1970), which is mostly a compilation of ads. Others, like Stern and Stern, *Auto Ads*, and Stevenson, *American Automobile Advertising, 1930-1980*, include more samples of ads than analysis, but have some non-academic analysis.

⁵²⁴ Meghan R. Busse, Duncan I. Simester, and Florian Zettelmeyer, "'The Best Price You'll Ever Get': The 2005 Employee Discount Pricing Promotions in the U.S. Automobile Industry," *Marketing Science* 29, no. 2 (April 2010): 268–90.

harmful for the environment by associating them with “green” imagery.⁵²⁵ Likewise, the theme of safety in SUV ads is common. These appeals are seldom stated directly but are usually implied through the mention of features, like four-wheel drive, and images of being the toughest vehicle on the road. However, scientific evidence has not linked four-wheel drive to safety. Likewise, SUV size is a dubious marker of safety as will be discussed more in this chapter.⁵²⁶

Despite their environmental impacts, which I describe in chapter 6, SUVs are marketed as an escapist fantasy. Auto manufacturers advertise SUVs to suburban and urban consumers who fantasize about exploring the outdoors. The vehicles are often pictured “in the wilderness, or at the top of a mountain.”⁵²⁷ The ads seek to appeal to opposing cultural narratives: simultaneous harmony with and dominion over nature. The SUV is shown conquering terrain, yet it does not harm the babbling brooks that it crosses. It leaves no trace in its domineering trek, unlike real SUVs. These ads suggest that the best way to get close to nature was to buy a vehicle with poor fuel economy that would damage the environment. Some later SUV ads also emphasized improved fuel economy, even though fuel economy largely dropped in the 1990s and 2000s.⁵²⁸ The paradoxical SUV was simultaneously fuel efficient and used to oppose fuel efficiency standards, as will be described in chapter 6.

A second theme in SUV ads was safety. After their bitter defeat in the 1960s, the auto industry recovered by lobbying their main safety regulator, the National Highway Traffic Safety

⁵²⁵ Melissa Aronczyk, “‘Taking the SUV to a Place It’s Never Been Before’: SUV Ads and the Consumption of Nature,” *Invisible Culture: An Electronic Journal for Visual Culture*, no. 9 (2005): 1–20; Shane Gunster, “‘You Belong Outside’: Advertising, Nature, and the SUV,” *Ethics & The Environment* 9, no. 2 (2004): 4–32.

⁵²⁶ Josh Lauer, “Driven to Extremes: Fear of Crime and the Rise of the Sport Utility Vehicle in the United States,” *Crime Media Culture* 1, no. 2 (2005): 149–68.

⁵²⁷ Richard K. Olsen, Jr., “Living Above It All: The Liminal Fantasy of Sport Utility Vehicle Advertisements,” in *Enviropop: Studies in Environmental Rhetoric and Popular Culture*, ed. Mark Meister and Phyllis M. Japp (Westport, CT.: Praeger, 2002), 175–96, 182.

⁵²⁸ Bradsher, *High and Mighty*.

Administration (NHTSA). Simultaneously, manufacturers turned to safety as a marketing tactic. Although safety features have been used in marketing vehicles and in corporate social responsibility, safety is a minor theme compared to vehicle power and financial incentives. Even ads for cars and minivans, which are more likely to depict safety as a feature, only depicted safety as a feature 10% of the time in the 1980s and 1990s. In contrast, nearly 60% of ads by U.S. manufacturers deployed details of financial promotions.⁵²⁹ Much like the paradoxical themes of harmony and dominance over nature, SUVs were depicted as safe, and buyers reported that they purchased the vehicles because of their purported safety.⁵³⁰ To their surprise, auto manufacturers frequently found that women in focus groups reported feeling safer because of the SUV height.⁵³¹ Participants failed to realize that the vehicle's height also made it more likely to roll over, a safety issue that I discuss in the next chapter.

SUVs were subject to scrutiny from environmental activists and safety advocates. A variety of groups, ranging from evangelical religious groups to the Environmental Liberation Front, criticized SUVs for their impact on the environment.⁵³² SUVs were also subject to other high-profile criticism. At the *New York Times*, journalist Keith Bradsher began investigating SUV safety in 1997. His stories alerted *Times* readers to the safety issues of SUVs but also led the auto industry and Detroit journalists to criticize him for his stance. Some went so far as to accuse Bradsher and the *New York Times* of engaging in "SUV Jihad."⁵³³ *USA Today* refused to

⁵²⁹ Susan A. Ferguson, Andrew P. Hardy, and Allan F. Williams, "Content Analysis of Television Advertising for Cars and Minivans: 1983-1998," *Accident Analysis & Prevention* 35, no. 6 (n.d.): 825-31.

⁵³⁰ Marianne Moody Jennings, "Case 3.7 SUVs, the Environment, Safety, and Stakeholders," in *Business Ethics: Selected Readings and Case Studies* (Matson, OH: Thomson Higher Education, 2006), 84-92.

⁵³¹ Bradsher, *High and Mighty*.

⁵³² Paul Joosse, "Elves, Environmentalism, and 'Eco-Terror': Leaderless Resistance and Media Coverage of the Earth Liberation Front," *Crime Media Culture* 8, no. 1 (2012): 75-93; Bradsher, *High and Mighty*.

⁵³³ "The Truck Jihad: America's Popular Press Wages a Holy War on Trucks, Putting the Squeeze on SUVs. Why?," *AutoWeek* 48, no. 22 (May 25, 1998): 14-19.

run stories similar to Bradsher's because "it seemed like it went beyond the facts."⁵³⁴ After Bradsher wrote a book on SUV safety, he was moved from the Detroit bureau to Hong Kong. In addition to criticizing Bradsher, auto manufacturers defended SUVs as an individual choice and claimed that critics were disconnected from the experience of the average American. GM even used a front group, Citizens for Vehicle Choice (CVC), to argue SUVs were safer than cars and that a push for environmentally conscious vehicles was a push for unsafe vehicles. I explore this criticism and the industry's response more thoroughly in the following chapters.

Beyond Bradsher's criticism, mainstream media criticism was rare. However, there was a notable exception. In 2000, a Houston TV station reported that the tire tread on the Firestone tires that came standard on the Ford Explorer was likely to come apart in hot weather.⁵³⁵ When the tread came off the tires, it could cause the driver to lose control of the vehicle and cause the vehicle to roll over. The initial report led to an NHTSA investigation and a public feud between Ford and Firestone over whether the tires or the vehicle design was at fault. Shortly after the NHTSA investigation began in 2000, Firestone voluntarily recalled the tires.⁵³⁶ Despite the recall, SUVs were still wildly popular, and SUV sales continued to climb in part due to financial promotions.⁵³⁷ A 2003 Kelley Blue Book survey found that less than half of SUV buyers were concerned about rollover. Indeed, despite the high-profile case, the same survey found that "more than half [of respondents] rate the vehicles high for safety."⁵³⁸ Respondents also rated the

⁵³⁴ Charles Butler, "Awards and Anguish for a Driven Reporter," *Columbia Journalism Review* 37, no. 3 (October 1998): 57–60, 58.

⁵³⁵ Adam L. Penenberg, *Tragic Indifference: One Man's Battle with the Auto Industry over the Dangers of SUVs* (New York: HarperBusiness, 2003).

⁵³⁶ Ibid.

⁵³⁷ Jean Halliday, "Rollover, Recalls Don't Put Brakes on SUV Sales," *Advertising Age* 71, no. 41 (October 2, 2000): 33.

⁵³⁸ PR Newswire, "Consumers Believe SUV Criticism Is Hype According to New Study," *Kelley Blue Book*, February 11, 2003, <https://mediaroom.kbb.com/press-releases?item=105671>.

environmental impact of the vehicles and their fuel economy last in their concerns related to SUV purchases. The Kelley Blue Book survey demonstrated that the public debate on SUVs was biased by auto industry PR. Consumers' desire to purchase SUVs blunted the criticism against the vehicles. Overall, consumers in the Kelley Blue Book survey were resistant to criticism that they felt was overblown.

By the time the Ford-Firestone story aired in Houston, Ford and Firestone had known about the issue for years, but nothing had been done. The local news story resulted in both a flurry of calls to the station and action by the NHTSA. The NHTSA had previously received reports on the tires but failed to act until the story broke.⁵³⁹ This story demonstrates the importance of local news. Despite the rise in internet usage, local television stations are still one of the most important sources of news.⁵⁴⁰ Yet, almost all local TV stations are heavily dependent on advertising, much of which comes from local auto dealers.⁵⁴¹ As I discuss in chapter 7, advertising dollars allow the auto industry to shape news or prevent stories from being published. SUV ads were rarely criticized for the false safety and environmental claims that were made. Indeed, as I describe in chapters 5 and 6, GM was largely successful at preventing unwanted regulation. Any criticism from journalists was also likely to be flanked by advertisements showing gas-guzzling SUVs available at a new low price. The presence and appeal of these ads directly undercut criticism levied at GM.

⁵³⁹ Penenberg, *Tragic Indifference*.

⁵⁴⁰ Project for Excellence in Journalism, "State of the News Media," Pew Research Center, 2004, <https://www.pewresearch.org/wp-content/uploads/sites/8/2017/05/State-of-the-News-Media-Report-2004-FINAL.pdf>; Project for Excellence in Journalism, "Local TV News Fact Sheet," Pew Research Center, July 12, 2018, <https://www.journalism.org/fact-sheet/local-tv-news/>.

⁵⁴¹ Pew Research Center: Journalism and Media Staff, "News for Sale," Pew Research Center, November 1, 2001, <http://www.journalism.org/2001/11/01/news-for-sale/>.

Customers continued to purchase SUVs, despite prominent inquiries into SUV safety and environmental impact. While previous studies have addressed the environmental or safety aspects of SUV ads, this chapter focuses on financial promotions, which helped to sell SUVs even at the peak of the Ford-Firestone controversy. I argue that product ads from this period were co-promotional and demonstrate the fusion of GM's attempts to sell vehicles, principally SUVs, and sell financial products. The composition of some ads even suggests that the financial product is the primary product being sold. While no one would buy a car loan without a car, GM endeavored to sell both a GM vehicle and a GMAC loan.

GM uses a mix of national, regional, and local advertisements. When local dealers participate in GM advertising programs, GM provides materials and some funding. Local dealers then adjust the ads to their needs.⁵⁴² My study focuses on national-level product ads that mention GMAC, although some were designed to be adapted by local dealers. As previous studies have indicated, most advertising incorporates financing to some degree. This sample is assumed to be generally representative of auto ads that incorporated financial products, which likely constituted most auto ads in this period. The vast majority advertised financial terms, although some only mentioned GMAC in the fine print. I examined over 250 television ads for GM automobiles from 1990 to 2009. Due to the popularity of the Chevrolet brand, more than half were Chevrolet ads. Cadillac, GM's luxury brand, was the next most common make with about 30 ads. GMC, Pontiac, and Buick followed with about 20 ads each.⁵⁴³ In addition to television ads, I looked at over 400 print ads. These ads were typically national or regional ads that were published in

⁵⁴² A portion of the ads I examined were designed to be customized by local dealers in print.

⁵⁴³ The archivist at the GM Heritage Center indicated that many the ads would be Chevy ads prior to my examination of them. The sample was sorted in their internal database using the filter "GMAC" and the year. There were several corporate video compilations that were excluded from the sample.

newspapers and magazines. I focused on print and television because these comprise most of GM's ad-spending during the 1990s and 2000s.

The ads gave me a sense of the scope and nature of the financial promotions from 1990 to 2009 and a sense of how financial promotions were generally presented in the advertisements. I supplemented this data with information from GMAC annual reports that provide background on the role that these promotions served for GMAC. In addition to these primary documents, I also used secondary documents. I primarily consulted trade press publications, such as *Automotive News* and *Advertising Age*. I also used news coverage from mainstream news sources, such as the *New York Times*, to validate how important financial promotions were to GM and how these financial promotions factored into their profitability.

Advertising Auto Loans and Automobiles

In Chapters 1 and 2, I described GMAC's role within GM after its formation in 1919. From early ads touting GMAC installment plans generically to the financial promotions discussed in this chapter, GMAC always played a role in advertising. With heavy competition from foreign auto manufacturers in 1980s, GM CEO Roger Smith shifted the corporation toward finance as an area of profitability. GM advertised early installment plans differently from the loans and leases provided by GM in the 1990s and 2000s. Unlike the early twentieth century, it is now common to see specific interest rates advertised to pull customers into the dealer.

In the past, such rates might not have been specifically advertised or included. For example, in 1935, the Federal Trade Commission charged that GMAC, Ford, and two other finance companies had deceptively advertised a "6% plan." Customers assumed 6% referred to

the interest rate.⁵⁴⁴ However, it did not. Instead, 6% referred a “flat multiplier.”⁵⁴⁵ Although the companies stopped running the ad campaign before the FTC filed formal charges, GM continued to fight the FTC and refused to sign an agreement that stated that they would not advertise using percentages unless those percentages represented simple interest rather than a “carrying charge.”⁵⁴⁶ A reporter at the *New Republic* elaborated on this theme when he wrote about his car buying troubles after discovering that his GMAC installment plan had a “finance charge,” not interest.⁵⁴⁷ Since these early experiments in financial ads, auto ads have expanded to include more detailed information about potential financial contracts. Auto loan ads are now subject to variety of regulations for advertising financial products. However, customers’ sense that auto loan ads are misleading is not misplaced as a recent FTC investigation shows. I address this later in this chapter.

In the 1930s, ads for installment plans were usually vague. Occasionally, advertisements mentioned a price, but they typically shared few details on specific payment amounts. For example, a 1935 Buick ad referred to “favorable G.M.A.C. terms.”⁵⁴⁸ A Cadillac ad from the same year stated, “Your Cadillac dealer will gladly give you price details and information on the convenient G.M.A.C. payment plan.”⁵⁴⁹ Similarly, in 1932 Chevrolet advertised “easy G.M.A.C. terms.”⁵⁵⁰ These ads implied that many customers were eligible for good loan terms but were vague about what those loan terms might be. Ads in the 1990s and 2000s were much more

⁵⁴⁴ Irving S. Michelman, *Consumer Finance: A Case History in American Business* (New York: Frederick Fell, Inc., 1966).

⁵⁴⁵ “Resist FTC on Time Payments,” *BusinessWeek*, December 12, 1936.

⁵⁴⁶ “FTC Agrees to 6%,” *BusinessWeek*, April 17, 1937.

⁵⁴⁷ John Osborne, “Auto Buying Headaches: A Lesson in the High Cost of Borrowing,” *New Republic*, March 21, 1965, General Motors Acceptance Corporation (GMAC) 1986-1995 (Box), Folder 6-268, General Collection, GM Heritage Center, General Motors.

⁵⁴⁸ Stern and Stern, *Auto Ads*, 34.

⁵⁴⁹ *Ibid.*, 36.

⁵⁵⁰ *Ibid.*, 37; Ikuta, *The American Automobile*, 98.

specific. They advertised low interest rates and low monthly payments. These ads were designed to draw customers in, even though the rates shown are not available to most customers. The goal was to get customers to believe they are eligible for low rates so that they come to the dealer.

In the early twentieth century, GMAC played an important role in expanding access to credit through loans like those described above. By the 1990s, the financial services company supported GM's financial health through auto loans, mortgages, and other products. GM wholly-owned GMAC and received stock dividends. In 2006, GM sold 51% of GMAC but still received dividends. GMAC continued to provide loans for GM's dealers and customers. One method through which GMAC raised money was mortgage-backed securities (MBS). In chapter 2, I briefly described MBS, a type of asset-backed security (ABS) in which a finance company packages and sells mortgage loans to investors. Similarly, in the 1980s, GMAC began selling securities backed with auto loans.

In 1985, Valley National Bank issued the first ABS using auto loans. Like mortgage-backed securities, these securities bundle auto loans together to create a product that can be bought by investors.⁵⁵¹ This allows the loan holder to be paid off immediately, while the future loan payments go to the new investors. ABS increase liquidity for banks and financial institutions by bringing in cash that enables them to lend out more money. In 1986, GMAC issued its first auto loan backed ABS, which was worth more than a billion dollars. Along with other captive finance companies, GMAC was one of the largest producers for auto loan backed ABS.⁵⁵² Through the securitization process, those loans gained value separate from GM's automobiles.⁵⁵³

⁵⁵¹ Kathleen W. Johnson, "Consumer Loan Securitization," in *The Impact of Public Policy on Consumer Credit*, ed. Thomas A. Durkin and Michael E. Staten (Boston: Kluwer Academic Publishers, 2002), 287–313.

⁵⁵² Ibid.

⁵⁵³ Thomas A. Durkin et al., *Consumer Credit and the American Economy* (Oxford: Oxford University Press, 2014).

Because auto loan ABS served as a low-cost way to finance more loans, banks and finance companies issued auto loan ABS rapidly during the 1980s and 1990s. Auto loan ABS made up a fifth of all ABS issued; GMAC and captive finance companies issued more than half all auto loan ABS.⁵⁵⁴ ABS enable banks and other loan issuers to turn illiquid assets, consumer debt, into liquidity to further fuel the loan-making process. In theory, these securities also increase consumer access to loans.⁵⁵⁵ However, they are part of a larger structure of finance that has increased consumer indebtedness. Consumers rely more on loans and credit to meet basic needs. Advertising and marketing fuel this cycle by encouraging consumer spending. Auto ads on television and in print publications in the 1990s, and 2000s emphasized purchasing promotions, leasing offers, and cash rebates, even though many consumers would not qualify for those programs.⁵⁵⁶ Special financing offers to increase sales in lackluster years turned into regularly timed promotions, such as the now ever-present year-end sale.

In addition to the growth of traditional auto loans, GMAC promoted auto leases in the 1980s and 1990s. When a customer signs a lease agreement, they agree to monthly payments for a specified period and purchase price if they choose to purchase the vehicle at the end of the agreement. At the end of the lease, the lessee may choose to buy the vehicle or give it back to the dealer. If the lessee chooses to give it back to dealer and the car has more damage than agreed upon in the lease agreement, the lessee must “pay then for any damage above normal wear and tear.”⁵⁵⁷ Leasing increases customer loyalty because customers return to their dealer to lease

⁵⁵⁴ W. Alexander Roever, CFA, John N. McElravey, and Glenn M. Schultz, “Auto Loan Asset-Backed Securities,” in *Handbook of Structured Financial Products*, ed. Frank J. Fabozzi (New Hope, PA: Frank J. Fabozzi Associates, 1998), 123–38.

⁵⁵⁵ Durkin et al., *Consumer Credit and the American Economy*.

⁵⁵⁶ Ann Carrns, “The Siren Call, and Dangers, of the Zero-Percent Car Loan,” *New York Times*, July 8, 2015, <https://www.nytimes.com/2015/07/09/your-money/auto-loans/the-siren-call-and-dangers-of-the-zero-percent-car-loan.html>.

⁵⁵⁷ Durkin et al., *Consumer Credit and the American Economy*, 571.

another vehicle at the end of their contract. Customers who lease spend more money with the manufacturer because they return for leases every few years and are often brand loyalists. Just like auto loans, leases could be packaged as ABS.⁵⁵⁸ Leases increased in popularity in the 1990s; by the mid-1990s about one-third of vehicles were leased, double the amount leased a decade earlier.⁵⁵⁹

Special Financing Promotions

Auto pricing is often confusing or misleading, and research shows that customers use promotional pricing and deals to signal when they should purchase a car.⁵⁶⁰ The “low” 12.8% APR offered in 1982 would seem very high when compared to 0% financing offers today. Over the past century, financial information in auto ads went from prices or vague promises of the best deals to specific offers with paragraphs of fine print. In many of these ads, the primary product has become the auto loan; dealers entice customers with low offers for which they may not be eligible. Combined with financial illiteracy, the confusing loan making process at dealerships can lead consumers to sign unfavorable contracts. Over time, consumer debt has increased because consumers take on larger loans more frequently.

Facing lackluster sales in the 1980s, GM initiated national finance promotions based on annual percentage rate (APR). Low APR appeals to consumers because lower interest rates typically mean lower monthly payments. However, interest rates are not the only thing that is important when making a financing decision. Furthermore, the dealer does not offer all customers the same terms. The truly low rates are meant as a gimmick to bring people in, but

⁵⁵⁸ “GMAC to Structure Auto Lease Transaction,” *Asset Sales Report* 9, no. 14 (April 10, 1995): 1.

⁵⁵⁹ Charles N. Schorin, “Automobile Lease ABS,” in *Handbook of Structured Financial Products*, ed. Frank J. Fabozzi (New Hope, Pennsylvania: Frank J. Fabozzi Associates, 1998), 139–52.

⁵⁶⁰ Busse, Simester, and Zettelmeyer, ““The Best Price You’ll Ever Get.””

conditional rates do not violate advertising regulations if ads follow legal disclosure requirements. During the 1980s, GM periodically used these rate promotions to spur increases in sales. Over time, GM's APR promotions got lower and more persistent. In 1982, GM offered 12.8% APR on new cars and trucks in the spring and 10.9% APR in November and December.⁵⁶¹ GMAC welcomed 1983 with another low-rate program to meet "the need for continued market stimulation" and ended up continuing the program through the year.⁵⁶² In 1984, without the aid of reduced rate programs, GMAC financed fewer of GM's cars.⁵⁶³ As one former GM employee noted, "Without basic price cuts, traditional local incentives, or exciting product offerings, it looked like GM had permanently hooked itself to the artificial supports."⁵⁶⁴ By the 1990s and 2000s, GM was touting even lower rates, including its famous 0% APR promotion.

During the 1990s and 2000s, auto ads shifted from focusing on vehicle features to focusing on financial offers. While ads repeated financial offers in text and voiceovers, features might be listed in smaller font or not mentioned at all. This design demonstrated that finances are important and that auto loans from captive financing companies are essential products. Seasonal sale ads are a key component of auto ads today. Most Americans are likely familiar with seasonal sale ads for cars. In December and January, during the summer, and even on President's Day, auto manufacturers offer a variety of enticing sales and deals to lure customers in. While these ads are standard now, the practice developed during the 1990s and 2000s when promotions

⁵⁶¹ General Motors Acceptance Corporation, *1982 Annual Report*, 1983, General Motors Acceptance Corporation (GMAC) Annual Reports 1980-1989 (Bound), General Collection, GM Heritage Center, General Motors, 2.

⁵⁶² General Motors Acceptance Corporation, *1983 Annual Report*, 1984, General Motors Acceptance Corporation (GMAC) Annual Reports 1980-1989 (Bound), General Collection, GM Heritage Center, General Motors, 4.

⁵⁶³ General Motors Acceptance Corporation, *1984 Annual Report*, 1985, General Motors Acceptance Corporation (GMAC) Annual Reports 1980-1989 (Bound), General Collection, GM Heritage Center, General Motors. The same situation as reported in 1988 and 1990, indicating that low rate programs were absent for a time prior to their regular use in the mid-1990s and 2000s.

⁵⁶⁴ Lee, *Call Me* Roger, 137.

and auto loans became essential parts of the auto manufacturing business. In 1991 and 1992, Chevrolet ran a “Winner-Time” ad series on television and in print. A bit of wordplay on “wintertime,” these ads aired at the end of the year and followed the now-common format of focusing on finance offers over makes, models, and features.

On television, the “Winner-Time” ads featured Fred Willard as game show host asking customers questions like, “Come here often?” In one ad, a young woman responds, “I’ve never even bought a new car before,” prompting Willard to provide information about financing options. As would become common in later ads, the financing options included “cash back or low financing.”⁵⁶⁵ Unfortunately for customers, it may be difficult to know whether cash back or low financing is the better deal, if they even qualify for either of the televised offers.⁵⁶⁶ Other ads in the “Winner-Time” series featured specific low financing offers, such as 2.9% APR. These ads were used by GM’s Geo brand that targeted young customers who might otherwise buy small, imported vehicles.⁵⁶⁷ These young customers would likely have been buying a car for the first time. Because young customers often lack knowledge of financing deals, these ads put them in a prime position to get taken advantage of by dealer offers.

The ads also featured fine print that would become ubiquitous with auto ads. In the “Winner-Time” ads, the fine print at the bottom states, “length of finance contract is limited.”⁵⁶⁸ Thus, the 2.9% APR offer may draw customers in, but customers may face higher payments than

⁵⁶⁵ Campbell-Ewald, “Winner-Time Truck (180106_03.mov),” 1991, GM Media Archive, General Collection, GM Heritage Center, General Motors; Campbell-Ewald, “Winner-Time Geo (180106_04.mov),” 1991, GM Media Archive, General Collection, GM Heritage Center, General Motors.

⁵⁶⁶ See for example varying opinions given in the 1990s and 2000s by the same publication: “Answers to Your Money Questions,” *Kiplinger’s Personal Finance*, June 2003, and Joan Goldwasser and Scott Bernard Nelson, “Cars: The Return of Low Rates and Rebates,” *Kiplinger’s Personal Finance Magazine*, June 1995.

⁵⁶⁷ Jean Halliday, “Chevrolet Plans Major Ad Blitz for Redesigned, Rebadged Prizm,” *Automotive News* 71, no. 5743 (December 8, 1997): 22.

⁵⁶⁸ Campbell-Ewald, “WinnerTime-Wrap-Up/Rev (162052.mov),” 1991, GM Media Archive, General Collection, GM Heritage Center, General Motors.

they anticipate because they cannot draw out the payments over a long period. A longer loan with lower payments would likely require a higher interest rate. Alternatively, customers might choose no payments for 90 days. The all-important fine print again indicates that there is a catch: “finance charges accrue from date of purchase.”⁵⁶⁹ While customers may reason that no payments means they do not owe anything, they are accruing debt on their account. While these ads feature makes and models of cars, the information on the screen foregrounds the financing deals. This shows that finance, not features, can be a draw for consumers. These financing deals are only available through GMAC, so these auto ads are selling GMAC loans in addition to vehicles.

In print, the “Winner-Time” ads emphasize financial customization depending on location. In very large font at the top, the ads proclaimed, “Everyone Can be a winner during Chevrolet/GEO Winner-Time.” Underneath the heading, small font spelled out the overall deals, “Now's the time to get to your Chevrolet dealer because it's WINNER-TIME. Win with up to \$1,000 Cash Back or low GMAC 7.9% APR financing, Preferred equipment group discounts on select vehicles, and even no payments for 90 days.”⁵⁷⁰ The body of the ads featured 6 photos of Chevrolet and Geo models, typically sedans. Each sedan featured a large math problem describing the discounts available, including cash back, “preferred equipment group bonus,” and “first time buyer bonus” because Geo models were marketed to young adults.⁵⁷¹ Notably, these ads featured a “low” APR rate that was higher than the television ads that ran later in the promotion. This suggests that the rate dropped to incentivize even more purchases in January 1991. Although GM tailored the print ads to specific locations, the difference was often in the

⁵⁶⁹ Ibid.

⁵⁷⁰ Campbell-Ewald, “Everyone Can Be a Winner during Chevrolet/Geo WINNER-TIME (New York Version),” 1991, GM Media Archive, General Collection, GM Heritage Center, General Motors.

⁵⁷¹ Ibid.

fine print because some states limiting financial offers based on vehicle price.⁵⁷² As with the “Winner-Time” television ads, these ads featured virtually no information about vehicle features.

The “Winner-Time” ads demonstrate how GM co-promoted vehicles and loans. These ads show that product ads often emphasized financial products. The “Winner-Time” ads are also early examples of the year-end sale phenomenon. The gimmick varies, but year-end ads always emphasize the limited nature of the financial offers to drive customers to the dealership. The “Make Your Money Count Year End event” from 1994-1997 made several appearances across television and print ads. The December 1996 – January 1997 versions of the ad offered a 3.9% APR rate, much lower than the 7.9% offered in print ads in 1990. The change in APR demonstrates that financing terms drifted downward over time to attract customers because of lackluster sales. Financing terms fell even lower in 2001.

The Rise of 0% Financing

Advertised APR rates declined sharply during the 1990s and 2000s. In the aftermath of September 11, APR dipped to the lowest possible level: 0%. Ten days after September 11, 2001, GM started the “Keep America Rolling” campaign that offered 0% APR on all vehicles.⁵⁷³ The Bush Administration requested that the auto industry help pull the U.S. out of a possible recession; GM responded with the “Keep America Rolling” campaign. In a speech to the Executives’ Club of Chicago, GM President and CEO Rick Wagoner described how Bush Administration officials met with labor leaders and GM executives “to discuss what we –

⁵⁷² Campbell-Ewald, “Everyone Can Be a Winner during Chevrolet WINNER-TIME (Florida/Tennessee Version),” 1991, GM Media Archive, General Collection, GM Heritage Center, General Motors; Campbell-Ewald, “Everyone Can Be a Winner during WINNER-TIME (Michigan Version),” 1991, GM Media Archive, General Collection, GM Heritage Center, General Motors.

⁵⁷³ “More than Zero: Financing Deals Confound Skeptics.” *Newsweek*, September 16, 2002; Dave Guilford, “Looking Back: The 0% Solution,” *Automotive News* 86, no. 6480 (September 5, 2011).

business, labor, and government – could do, together, to help America in the wake of the September 11 tragedy.”⁵⁷⁴ Wagoner cited GM’s role during World War II as an example of how GM had long-served American interests in the face of hardship. GM deployed their history strategically during ongoing regulatory debates in the 2000s, including during the bailout.

The *Wall Street Journal*, trade publications, and other outlets praised GM’s “Keep America Rolling” for keeping the economy afloat.⁵⁷⁵ Yet, some in the advertising industry felt that it was inappropriate to use patriotism to sell cars after thousands of people died in the attacks.⁵⁷⁶ The editors of the trade publication *Adweek* gave GM an award for “Most Gratuitous Use of Patriotism” and argued that “equating the purchase of a new car with helping the country, with being a part of the emotional recovery from the terrorist attacks, goes too far down the road of manipulative advertising.”⁵⁷⁷ Despite these criticisms, GM’s campaign was both successful in growing sales and bolstering GM’s reputation.

“Keep America Rolling” was significant for three reasons. First, it tied patriotism to consumption and the purchase of American-made vehicles, reinforcing GM’s common refrain that practices that were harmful for American manufacturers were bad for the economy. As I discuss in chapter 6, Americans who are skeptical of the impact of environmental regulations on the economy largely support GM’s claims. Second, this program started a few years of 0% offers on SUVs. 0% financing skillfully combined the individualistic, patriotic appeal of American SUVs with profitability. Because SUVs already earned about \$10,000 per vehicle, dealers and manufacturers could more than afford the financing program. Third, “Keep America Rolling”

⁵⁷⁴ Rick Wagoner, “Keep America Rolling,” *Vital Speeches of the Day* 68, no. 1 (2001): 9–12, 10.

⁵⁷⁵ Bradsher, *High and Mighty*; “How GM Kept America Rolling in 2001,” *Automotive News* 82, no. 6314 (June 30, 2008): 6; Ralph Kiesel, “GM’s 0 Percent Financing Helped Calm a Nervous Nation after 9/11,” *Automotive News* 83, no. 6325A (September 15, 2008): 276.

⁵⁷⁶ Steve Finlay, “What Should I Tell GM?,” *Ward’s Dealer Business* 38, no. 8 (August 2004): 5.

⁵⁷⁷ Malloré Dill, “Adweek’s Maddy Awards,” *Adweek Southeast Edition* 23, no. 13 (March 25, 2002): 20.

increased sales in 2001 but tethered GM to financial promotions.⁵⁷⁸ GM would return to 0% promotions in 2002 and 2003 as it continued to struggle with profitability.⁵⁷⁹

As with previous financial promotions, GM started the trend toward 0% financing. Other auto manufacturers followed suit, and customers flocked to dealerships in droves to get 0% loans.⁵⁸⁰ However, somewhere between 66% and 90% of customers did not qualify for loans with 0% APR.⁵⁸¹ In addition, GM created opportunities to upsell new customers on “other finance and insurance products” offered by GMAC.⁵⁸² As with most financial promotions, GM took a loss on cars and profited from trucks and SUVs. Because “Keep America Rolling” affected all vehicles that meant that GM still struggled, despite being the market leader:

In North America, weakness on the car side of the business tempered out success in trucks. And while our cost-cutting continued at an admirable pace, it failed to offset the relentless downward pressure on prices. As we move into 2002, we are aggressively pursuing additional structural and material cost reductions, and intensifying our focus on cash generation. On the positive side, GM’s financial services unit, GMAC, achieved impressive income growth for the seventh consecutive year and posted its third straight year of record earning: \$1.8 billion, an improvement of 9 percent over the previous year.⁵⁸³

⁵⁷⁸ Kathy Jackson, “0% Plan Sparked Reeling Industry,” *Automotive News* 76, no. 5966 (January 14, 2002): 32.

⁵⁷⁹ Margaretta Soehndro, “When the Party’s Over,” *Fortune* 152, no. 4 (August 22, 2005): 24.

⁵⁸⁰ Kisiel, “GM’s 0 Percent Financing Helped Calm a Nervous Nation after 9/11.”

⁵⁸¹ Donna Harris, “0% Financing Brings Back Buyers,” *Automotive News* 76, no. 5952 (October 8, 2001): 1; “More than Zero: Financing Deals Confound Skeptics,” *Newsweek*. Various numbers between a 50% rejection rate and a 91% rejection rate are given.

⁵⁸² Harris, “0% Financing Brings Back Buyers,” 1.

⁵⁸³ General Motors, *2001 Annual Report*, 2002, General Motors Annual/Quarterly Reports 2001-2006 (Box), 2001 Annual Report (Folder), General Collection, GM Heritage Center, General Motors, 6.

In contrast, GMAC was profitable for two reasons. First, despite assertions that automotive loans remained central to its business, GMAC diversified beyond auto loans into mortgage finance and insurance. Second, GMAC's use of ABS meant that even 0% loans made at a loss, like those for cars, could still be sold as securities. This enabled GMAC and GM to benefit from all loans. Advertisements shifted their emphasis from vehicles to affordable loans. The APR rates drew customers in, while the loans turned into securities that helped propel GMAC's growing financial empire.

In 2001, when 0% financing ads first appeared, the ads were sometimes tied to particular vehicles or brands.⁵⁸⁴ For example, a May 2001 ad advertised \$0 down, 0% APR, and no payments until 2002 on all 2001 Oldsmobiles.⁵⁸⁵ As is typical of financing ads and 0% APR ads, the ad featured a black screen with a large 0 in white font with "Down plus Interest & Payments until 2002" next to it. The ads also specified the loans were only available to "qualified buyers," eliding that few buyers qualified. In addition, the ad specified in the fine print that "Length of contract is limited." Many customers found out that monthly payments were higher than expected when they went to get 0% financing deals from the dealer.⁵⁸⁶ Despite claims that the 0% financing offers were just a phase, the auto industry returned to them again and again.⁵⁸⁷ Advertising spending increased as manufacturers fought over financing deals; auto manufacturers spent over \$2.2 billion in one quarter of 2003 alone.⁵⁸⁸

⁵⁸⁴ Campbell-Ewald, "Malibu (180072_23.mov)," 2001, GM Media Archive, General Collection, GM Heritage Center, General Motors.

⁵⁸⁵ Campbell-Ewald, "Great Value (133284_05.mov)," 2001, GM Media Archive, General Collection, GM Heritage Center, General Motors.

⁵⁸⁶ Dianne Molvig, "Weathering Zero-Percent Financing," *Credit Union Executive* 28, no. 12 (April 8, 2003): 1–3.

⁵⁸⁷ John Welbes, "Zero-Percent Auto-Loan Financing Returns," *Saint Paul Pioneer Press*, July 3, 2002.

⁵⁸⁸ David Kaplan, "Autos Lead Q4 Adspend Pack," *Adweek Eastern Edition* 44, no. 14 (April 7, 2003).

GM formatted its prints similarly to the TV ads. A 2002 Buick ad featured an ocean view that faded to white halfway through the page. At the top of the ad, above the waves, the ad stated, “0% for 5 years” in large white font. The fine print discloses that the 0% offer assumes a 27.2% down payment, which is larger than most suggested down payments.⁵⁸⁹ While many customers likely had trouble qualifying for the 0% offer, customers may have found themselves suffering from the five-year length of the contract due to car depreciation. The primacy of “0% for 5 years” in the ad in terms of placement and size demonstrates that the co-promotional ad promoted Buick and GMAC loans. In contrast, another 2002 Buick ad showed two Buick vehicles and listed several features for each; that ad more closely balanced the importance of the finance offer and the appeal of the vehicles.⁵⁹⁰

The appeal of 0% ads was so great that it even spread to GM’s flagship brand: Cadillac. As I discuss in the leasing section of this chapter, Cadillac is a luxury brand that was mainly featured in lease ads. In 1998, GM invested \$30 million dollars in the campaign for the Cadillac Escalade that targeted buyers between the ages of 35 and 55 who were younger than the average Cadillac consumer.⁵⁹¹ GM lowered its spending in the years following but still spent between \$3 million and \$5 million annually advertising the Escalade.⁵⁹² By 2001, the Escalade promotions succeeded in recruiting younger buyers to purchase the high-end vehicle by associating it with online promotions and sports like the Super Bowl.⁵⁹³ The success of the Escalade, essentially a Chevy Tahoe with high-end features and a Cadillac emblem, is emblematic of the SUV and

⁵⁸⁹ McCann-Erickson Detroit, “Buick Summerdrive,” 2002, GM Media Archive, General Collection, GM Heritage Center, General Motors.

⁵⁹⁰ McCann-Erickson Detroit, “These Buick Special Editions Feature Some Very Inviting Subtractions,” 2002, GM Media Archive, General Collection, GM Heritage Center, General Motors.

⁵⁹¹ Kathy Jackson, “Cadillac Planning Ad Intro for New SUV,” *Advertising Age* 69, no. 33 (August 17, 1998): 46.

⁵⁹² Jean Halliday, “GM Debuts Online Campaign for Escalade,” *Advertising Age* 71, no. 45 (October 30, 2000): 8.

⁵⁹³ Jean Halliday, “Escalade Got Game,” *Advertising Age* 72, no. 24 (June 11, 2001): 42.

GMAC era. The vehicle sold for thousands more than the Tahoe, epitomizing Americans' desire to purchase a vehicle above their means that came with size, power, and prestige.

In 2003, GM concentrated its 0% financing push on SUVs, a sector that could be profitable even with 0% financing. SUV sales were lagging, so auto manufacturers needed to sell them quickly. GM spurred other manufacturers to discount their SUVs with thousands of dollars in incentives.⁵⁹⁴ In February, GM began offering 0% financing on popular SUVs.⁵⁹⁵ The discounts continued all year. At the end of the year, GM started to apply discounts to Cadillac SUVs. Even as it was pushing rebates for Cadillac Escalades, GM was still contemplating how to style the vehicle to appeal to luxury buyers, such as including new 20-inch rims.⁵⁹⁶ By December, GM promoted a seasonal Cadillac ad for the Escalade, proclaiming "Not All Good Things Come in Small Packages" with 0% APR, a \$0 down payments and no payments for 90 days.⁵⁹⁷ Of course, not all buyers would be eligible for this offer, and payments might be higher than anticipated. Nonetheless, the decision to market Cadillac with 0% financing demonstrates that even a luxury brand was not immune from financial promotions. GM and other manufacturers continued to design financial promotions around SUVs in the years that followed.⁵⁹⁸

These promotions were successful. Customers flocked to dealerships and some dealers sold twice as many cars as they had the year before.⁵⁹⁹ At the same time, the 0% ads also

⁵⁹⁴ Sholnn Freeman, "Ford, GM Clash In Escalating War On SUV Rebates," *Wall Street Journal*, January 31, 2003, <https://www.wsj.com/articles/SB1043953083327215064>.

⁵⁹⁵ Wall Street Journal News Roundup, "GM Sweetens Deals For 0% Financing On Some Key SUVs," *Wall Street Journal*, February 26, 2003.

⁵⁹⁶ Lee Hawkins, Jr., "Trucks Get Bigger, Fancier And Cheaper; Heated Competition Sparks New Models, SUV Discounts; Getting the Big Wheel Look," *Wall Street Journal*, October 2, 2003.

⁵⁹⁷ General Motors, "Cadillac Season's Best," 2003, GM Media Archive, General Collection, GM Heritage Center, General Motors.

⁵⁹⁸ Sholnn Freeman, "GM Offers Fatter Incentives on Its Large 2004 SUVs," *Wall Street Journal*, November 10, 2003; Lee Hawkins, Jr., "GM Gives Incentives for Cadillac SUVs," *Wall Street Journal*, January 4, 2004.

⁵⁹⁹ William J. Holstein, "Zero Percent: The Fine Print Counts," *New York Times*, November 9, 2001.

deceived consumers. Many consumers came to the dealer expecting 0% APR loans for which they were ineligible. Between 66% and 90% of customers did not qualify for the loans.⁶⁰⁰ Others assumed that 0% APR would result in a lower monthly payment. However, the length of contracts was limited, meaning that customers often paid more than they expected.⁶⁰¹ Beyond deceiving customers with offers that were likely unavailable to them, the 0% loans and ads also hurt future auto values. Because the value of the vehicle was lowered by the initial sales contract, customers who tried to trade-in vehicles bought on 0% APR contracts found they were worth less than what they owed due to depreciation.⁶⁰² The 0% financing offers drew customers in, but the waves of customers eventually became a trickle. Subprime customers, who did not qualify for those loans, were attracted by the 0% offer. To compensate and take advantage of their interest, automobile dealers and manufacturers developed loans for subprime borrowers.⁶⁰³ Despite being higher-risk borrowers, subprime loans proved profitable for both the mortgage industry and the auto industry until the market crashed in 2008 because the loans could be made at a high cost and then sold as ABS.

News coverage questioned whether the 0% loans made sense. Business news outlets primarily addressed how auto manufacturers profited from these loans and how other auto manufacturers, like Mitsubishi or Toyota, followed GM's lead in offering 0% loans.⁶⁰⁴ By 2005, industry observers wrote that the 0% loan was at its end because the promotion no longer

⁶⁰⁰ Welbes, "Zero-Percent Auto-Loan Financing Returns;" "More than Zero: Financing Deals Confound Skeptics," *Newsweek*.

⁶⁰¹ Molvig, "Weathering Zero-Percent Financing;" Chris Woodyard, "Automakers Yanking 0% Financing Deals," *USA Today*, March 23, 2005.

⁶⁰² David Welch, "Those Price Breaks Are Habit-Forming," *BusinessWeek*, February 16, 2004.

⁶⁰³ Donna Harris, "With 0% Ebbing, Dealers Court Subprime Buyers," *Automotive News* 76, no. 5988 (June 24, 2002).

⁶⁰⁴ William J. Holstein, "A Free Mitsubishi? No, Not Quite," *New York Times*, November 9, 2001; Kathleen Kerwin, Joann Muller, and David Welch, "0% Financing: A Risky Addiction," *BusinessWeek*, January 14, 2002; Welch, "Those Price Breaks Are Habit-Forming."

appealed to customers.⁶⁰⁵ Of course, 0% APR deals never really went away. In 2018, as business journalists again predicted 0% ads would end, reports described how beneficial the deals were for the auto industry and how Federal Reserve interest rates had eviscerated a good marketing tactic.⁶⁰⁶ A few reports advised customers to read “the little type at the bottom.”⁶⁰⁷ For instance, one article concluded with a question of how this would affect the auto market and whether manufacturers were “borrowing” from the future.⁶⁰⁸ The *Journal Star* in Peoria, IL, took a risk and invited a local credit union to comment on the costs and benefits of a 0% APR loan. Even then, the article concluded with comments from a local Chevy dealer and a discussion of the benefits of high auto sales.⁶⁰⁹ Thus, many media outlets focused on the benefits of 0% financing for the industry with little attention to the consequences for consumers.

Overall, news coverage generally emphasized that 0% loans were “bargains” that brought people in. Even *Time* and *Newsweek* printed articles that were essentially ads for 0% financing and rebate offers.⁶¹⁰ One article in *U.S. News and World Report* suggested that customers could haggle. However, the article mostly focused on how auto manufacturers raised lease prices to pay for 0% loans and how 0% loans negatively affected used car prices because of depreciation.⁶¹¹ Thus, the industry perspective largely dominated in an area that should have been ripe for consumer reporting. Reliance on dealers and manufacturers for ads has influenced news outlets coverage of auto loans, auto safety, and other consumer issues.

⁶⁰⁵ Woodyard, “Automakers Yanking 0% Financing Deals.”

⁶⁰⁶ Jackie Charniga, “0 Percent Interest Deals Face Sunset,” *Automotive News* 93, no. 6854 (September 3, 2018): 1.

⁶⁰⁷ Holstein, “Zero Percent: The Fine Print Counts.”

⁶⁰⁸ Ibid.

⁶⁰⁹ Steve Tarter, “Big Three Automakers Bring Back Zero-Percent Financing,” *Journal Star*, July 9, 2002.

⁶¹⁰ “The Return of 0% Loans,” *Time*, April 14, 2003; Keith Naughton, “Lending Spree,” *Newsweek*, October 14, 2002.

⁶¹¹ Richard J. Newman, “Cars,” *U.S. News & World Report*, December 9, 2002.

Consumer Groups' Responses to 0%

Although most journalists were largely uninterested in how promotional finance ads might hurt consumers, consumer groups were active in policing auto loans. Both Consumers' Union, which publishes *Consumer Reports*, and Public Citizen, which is led by Joan Claybrook, a former NHTSA administrator, regularly offered advice to consumers looking to purchase vehicles. A few strategies converged in the financial promotion era to hurt consumers. First, consumer loan contracts continually increased in length. Although initially 0% loans were only available for short lengths, such as two or three years, they were extended to six years after the financial crisis.⁶¹² Other auto loan contracts were also lengthened to lower monthly payments. Second, 0% loans were not available to most customers. They were designed to draw customers in with the promise of a loan for which they likely did not qualify. Third, the Federal Trade Commission, which regulates advertising, has rarely intervened on deceptive auto ads, except for a 2014 investigation that revealed widespread use of misleading terms in auto loan ads.

The length of consumer loan contracts has two detrimental effects on consumers. First, with a longer the contract, it is more likely that consumers will default on the loan. This means that the buyer's vehicle may get repossessed. Repossession can leave low-income, subprime buyers without a vehicle to get to work. Secondly, longer contracts mean that vehicles depreciate quickly.⁶¹³ Customers who want to trade their vehicle in in three years, about halfway through their contract,⁶¹⁴ might be surprised to find out how much they must pay to get out of their loan. Customers who want a new car could be tempted to sign a worse financial contract. Many

⁶¹² Martin Retail Group, "GMC Summer Event," 2010, GM Media Archive, General Collection, GM Heritage Center, General Motors.

⁶¹³ Jon Linkov, "How to Get the Best Car Loan," *Consumer Reports*, April 18, 2018, <https://www.consumerreports.org/car-financing/get-the-best-car-loan/>.

⁶¹⁴ Welch, "Those Price Breaks Are Habit-Forming."

dealers use misleading strategies to buy consumers out of existing contracts when they want to buy a new car. These loans cost more in the long run.

By 2017, the average auto loan lasted nearly six years.⁶¹⁵ In addition to the increased risk of default with a longer loan, borrowers pay thousands of dollars more in interest for their vehicles and tacked-on costs, like extended warranties. A long loan means that a borrower will owe more than the vehicle is worth for years. According to *Consumer Reports*, in the event of an accident, “you could owe a lot more on the car than it’s worth. Insurance payouts are based on a car’s depreciated market value, so you’ll be left holding the bag.”⁶¹⁶ Despite the risks of long loan terms, auto manufacturers and dealers promote them because consumers crave the low monthly payments. Unfortunately, the insights from *Consumer Reports* do not always make the news. When they do, they may be framed as a dispute between Consumers’ Union and the auto industry, such as a *USA Today* headline that read “*Consumer Reports* dissolves Detroit.”⁶¹⁷ Some consumers may miss the insights from *Consumer Reports* or cast them as one-sided.

In addition to the increasing contract length during this period, many customers visited dealerships and found that they were not qualified for the lowest advertised interest rate. For example, subprime borrowers, who qualify for much higher interest rates, were often lured in by the 0% offer.⁶¹⁸ Dealers use strategies to ensure that customers are uncomfortable leaving without completing the transaction. Customers may feel like they cannot negotiate with a dealer or get a better rate, but that is often untrue. *Consumer Reports* advises borrowers to negotiate and

⁶¹⁵ Carla Fried, “Why a Lower Car Payment Can Be a Costly Mistake,” *Consumer Reports*, October 26, 2017, <https://www.consumerreports.org/car-financing/why-a-lower-car-payment-can-be-a-costly-mistake/>.

⁶¹⁶ Ibid.

⁶¹⁷ Chris Woodyard, “‘Consumer Reports’ Dissolves Detroit,” *USA Today*, February 27, 2009; James R. Healey, “Auto Dealers Don’t Always Share Extra Incentives with Shoppers,” *USA Today*, December 29, 2004.

⁶¹⁸ Harris, “With 0% Ebbing, Dealers Court Subprime Buyers.”

shop around, as does the federal government.⁶¹⁹ Unfortunately, by the time they arrive at the dealer, consumers may already be on their way to making a bad financial decision.

Beyond being charged more for their auto loans because of credit, consumers have also been charged higher interest rates based on their race and ethnicity. In 2003, Public Citizen reported that millions of consumers were the victims of dealer fraud. One strategy dealers used was to charge customers a higher interest rate than authorized by the bank or captive finance firm.⁶²⁰ This is referred to as a “dealer markup.” Minorities were likely to be charged markup rates that were higher than those of white borrowers. Because the markup was added by the dealer without transparency, minority borrowers pay more for their loans without realizing it. Despite the long-standing history of racial discrimination in auto loans, there has not been widespread coverage of the issue. In 2001, the *New York Times* investigated dealer markups with 20/20. The investigation focused on cases brought by the National Consumer Law Center against captive finance companies, including GMAC.⁶²¹ A few years later, *USA Today* published a brief report on markups with evidence from the Consumer Federation of America, an organization that argued for a flat fee on all loans instead of markups.⁶²²

According to CFA, GMAC marked up loans between 25% and 41% of the time. About 53% of African American customers’ GMAC loans were marked up, compared to about 28% of white customers. Furthermore, loans for minority customers were subject to higher markup rates than marked up loans for white customers, so African American customers paid much more for

⁶¹⁹ Consumer Reports, “7 Costly Misconceptions About Car Loans,” *Consumer Reports*, February 23, 2019, <https://www.consumerreports.org/car-financing/costly-misconceptions-about-car-loans/>.

⁶²⁰ Public Citizen, “Rip-Off Nation: Auto Dealers’ Swindling of America,” Public Citizen, December 2003, https://www.citizen.org/sites/default/files/rip-off_report_only.pdf.

⁶²¹ Diana B. Henriques, “Extra Costs on Car Loans Draw Lawsuits,” *New York Times*, October 27, 2000.

⁶²² Earle Eldridge, “Consumer Group: Auto Loan Rates Marked Up,” *USA Today*, January 27, 2004.

their vehicles.⁶²³ GMAC was not alone. The practice is routine among captive lenders and dealers. Eventually, the National Consumer Law Center reached a settlement that capped the size of markups for five years after the settlement.⁶²⁴ CFA and other groups argued for a flat fee on all loans to replace dealer markups. Instead, under the settlement, dealers were permitted to add markups, but the size of the markup was limited. This settlement would not last long in the face of dealer opposition to limits on markups.

The auto industry's powerful network of dealers has prevented legislation on dealer markups. Efforts to legislate markups are met with criticism from dealers and manufacturers who argue that such laws would harm dealers' ability to profit and hurt local economies. Furthermore, dealers argue that the markups are necessary for risky loans and that they would not be able to make as many loans without them. As I discuss in chapter 7, news outlets must choose between the public good of reporting on markups and one of their biggest advertisers. Most local papers choose their advertisers. The only coverage on dealer markups I found was from national and trade publications. In 2013, the Consumer Financial Protection Bureau stepped in to protect minority borrowers from discrimination. However, in 2018, the CFPB's ability to regulate dealer markups was rescinded because of lobbying by auto manufacturers and dealers. Minority borrowers were left without protection.⁶²⁵

⁶²³ Consumer Federation of America, "The Hidden Markup of Auto Loans: Consumer Costs of Dealer Kickbacks and Inflated Finance Charges," Consumer Federation of America, January 26, 2004, <https://consumerfed.org/wp-content/uploads/2010/08/Hidden%20Mark%20Up%20of%20Auto%20Loans%200104.pdf>.

⁶²⁴ Stuart Rossman, "The Data Is Clear: Auto Lenders Discriminate," *U.S. News & World Report*, November 17, 2015, <https://www.usnews.com/opinion/economic-intelligence/2015/11/17/dont-let-congress-weaken-oversight-of-discriminatory-auto-financing>.

⁶²⁵ Christopher L. Peterson, "Congress Grants Car Dealers Free Reign to Discriminate Against Minority Borrowers," Consumer Federation of America, April 18, 2018, https://consumerfed.org/press_release/congress-grants-car-dealers-free-reign-to-discriminate-against-minority-borrowers/; Christopher L. Peterson, "Issue Brief: Auto Dealer Markups, Jim Crow Finance, and the Congressional Review Act: How Congress May Bend the Rules to Facilitate Overpriced and Discriminatory Auto Lending," Consumer Federation of America, April 17, 2018, <https://consumerfed.org/wp-content/uploads/2018/04/cfa-dealer-markups-issue-brief.pdf>.

Public Citizen offered a variety of solutions for the problems faced by consumers; many of which still have not been implemented. For example, consumers who buy a vehicle “on-the-spot” can still be charged more than what was agreed to. Dealers can claim that the paperwork was incomplete or that the bank declined the loan. This allows them to change the terms after the consumer believes that they have bought the vehicle.⁶²⁶ Public Citizen has also suggested a clear disclosure of all financial terms with and without add-ons. Dealers often use add-ons to inflate the vehicle price without the consumer’s knowledge. Unfortunately, the complicated paperwork and pressure to buy mean that consumers may end up paying for things that they do not need or do not understand the price of.⁶²⁷ A clearer disclosure form would help consumers understand the paperwork that they are signing.

Despite widespread confusion among consumers and lack of trust of auto dealers, there have been surprisingly few investigations into auto ads. Auto loan and lease ads are subject to multiple sets of rules under the Federal Trade Commission (FTC). In accordance with the general FTC regulations, “claims in advertisements must be truthful, cannot be deceptive or unfair, and must be evidence-based.”⁶²⁸ In describing what constitutes a misleading ad, the FTC uses an auto ad with “\$0 down” as the example.⁶²⁹ In addition, auto loan ads must comply with the Consumer Leasing Act and the Truth in Lending Act. Both require additional disclosures

⁶²⁶ Consumer Reports, “Do’s and Don’ts When Buying a Car From a Dealer,” Consumer Reports, July 18, 2017, <https://www.consumerreports.org/buying-a-car/dos-and-donts-when-buying-a-car-from-a-dealer/>; Public Citizen, “Rip-Off Nation.”

⁶²⁷ Public Citizen, “Rip-Off Nation.”

⁶²⁸ Federal Trade Commission, “Advertising and Marketing Basics,” Federal Trade Commission, 2019, <https://www.ftc.gov/tips-advice/business-center/advertising-and-marketing/advertising-and-marketing-basics>.

⁶²⁹ Federal Trade Commission, “Advertising and Marketing on the Internet: Rules of the Road,” Federal Trade Commission, December 2000, <https://www.ftc.gov/tips-advice/business-center/guidance/advertising-marketing-internet-rules-road>.

related to financial terms. These disclosures are usually included in the fine print under the ad. If the fine print is there, the ad is typically acceptable.

However, even though most customers would not qualify for 0% financing, those ads were not considered deceptive or misleading. The FTC does not appear to have subjected them to any scrutiny, nor did the FTC receive objections from consumer groups about the ads. From 2014 to 2015, the FTC launched its first nationwide investigation of auto ads. The commission deemed some the ads deceptive.⁶³⁰ In many of these cases, the fine print was difficult or impossible to read. For example, some of the ads claimed that “you can get out of your current loan or lease for just \$1.00” with “a fine-print super, a portion of which was similar in color to the background.”⁶³¹ Online versions, meanwhile, included no fine print. A Spanish-language ad had English-language fine print that was too small and would be difficult or impossible for primarily Spanish-speaking customers to understand. In 2017, the FTC issued a similar complaint.⁶³² The FTC filed these complaints because the fine print was hard to read, even though most auto ads studied in this chapter featured fine print that would be difficult to read during a thirty second commercial.

During the 2014-2015 investigation of auto dealer ads, the FTC emphasized that the investigation was important because “Buying or leasing a car is a big deal, and car ads are an

⁶³⁰ Colleen Tressler, “FTC Curbs Auto Dealers’ Deceptive Advertising,” Federal Trade Commission, June 29, 2015, <https://www.consumer.ftc.gov/blog/2015/06/ftc-curbs-auto-dealers-deceptive-advertising>; Federal Trade Commission, “FTC, Multiple Law Enforcement Partners Announce Crackdown on Deception, Fraud in Auto Sales, Financing and Leasing,” Federal Trade Commission, March 26, 2015, https://www.ftc.gov/news-events/press-releases/2015/03/ftc-multiple-law-enforcement-partners-announce-crackdown#_blank.

⁶³¹ Lesley Fair, “Advertise Auto Promotions Car-Fully,” Federal Trade Commission, December 23, 2014, <https://www.ftc.gov/news-events/blogs/business-blog/2014/12/advertise-auto-promotions-car-fully>.

⁶³² Mitchell J. Katz and James R. Golder, “Dallas Auto Dealer Settles Charges It Deceptively Advertised Sale and Lease Terms,” Federal Trade Commission, December 1, 2017, <https://www.ftc.gov/news-events/press-releases/2017/12/dallas-auto-dealer-settles-charges-it-deceptively-advertised-sale>.

important source of information for serious shoppers.”⁶³³ While the investigation curtailed some practices, the FTC did not seek to change regulations to address why so many ads were misleading in the first place. Inscrutable fine print holds a lot of information and demonstrates that the price shown on screen is not reflective of the actual price of the vehicle. For example, while a vehicle with expensive optional features may be shown, the price listed is the base price. A customer might walk into a dealer think they can afford a car with all the bells and whistles, but they cannot.⁶³⁴

In addition to super-charged vehicles with base prices, huge down payments are often hidden in fine print, while low monthly payments are touted.⁶³⁵ Many rates or prices are not available to most customers. Although these ads play a role in people coming into the dealership, the FTC does not consider misleading prices or payment rates to be deceptive. Beyond pricing, ads make implied claims about safety and environmental impact, as I discussed at the start of this chapter. Ads also emphasize terms and downplay potential drawbacks, such as low monthly payments with long contract terms. The FTC has acknowledged these problems and issued consumer education documents about how to read auto ads, including information about when 0% loans are misleading. However, they have not attempted to change existing regulations.⁶³⁶ Regulations, like those proposed by Public Citizen, would begin to address how consumers can become informed about their financial decision.

⁶³³ Federal Trade Commission, “FTC Announces Sweep Against 10 Auto Dealers,” Federal Trade Commission, January 9, 2014, https://www.ftc.gov/news-events/press-releases/2014/01/ftc-announces-sweep-against-10-auto-dealers#_blank.

⁶³⁴ Mark Huffman, “Five Ways Car Ads Mislead Consumers,” Consumer Affairs, February 6, 2012, <https://www.consumeraffairs.com/news04/2012/02/five-ways-car-ads-mislead-consumers.html>.

⁶³⁵ Ibid.

⁶³⁶ Federal Trade Commission, “Are Car Ads Taking You for a Ride?,” Federal Trade Commission, January 2014, <https://www.consumer.ftc.gov/articles/0143-are-car-ads-taking-you-ride>.

Misleading Lease Ads

Thus far, this chapter has focused on loans used to purchase cars. During the 1990s and 2000s, retail leases, an alternative to buying, grew dramatically. Leasing reinforces the logic of planned obsolescence by encouraging customers to return every few years for a new vehicle. In addition, leasing makes high quality used vehicles available. Traditionally, manufacturers avoided selling used vehicles because they are viewed as riskier transactions. Leasing created the opportunity to rebrand used vehicles as “Certified Pre-Owned.” Beginning in 1981, GMAC started a Direct Leasing Plan that leased directly to consumers.⁶³⁷ The Direct Leasing Plan grew rapidly in the mid-1980s. In, 1984, about 280,000 vehicles were covered by the plan; by 1985, that number had nearly doubled to 530,000.⁶³⁸ Capitalizing on this success, GM introduced the SmartLease program in 1988.⁶³⁹ It was a standard closed-end vehicle lease wherein consumers paid monthly payments for a set amount of time and had the option to purchase the car at the end of the lease

Part of the goal of the GMAC SmartLease was to “encourage shorter customer trading cycles” to bring customers back to the dealership more often.⁶⁴⁰ For instance, a GMAC SmartLease pamphlet argued, “In the final example the price and the monthly payments are similar too. However, in the SmartLease example, you’re ready to get into a new vehicle after

⁶³⁷ General Motors Acceptance Corporation, *1981 Annual Report*, 1982, General Motors Acceptance Corporation (GMAC) Annual Reports 1980-1989 (Bound), General Collection, GM Heritage Center, General Motors.

⁶³⁸ General Motors Acceptance Corporation, *1984 Annual Report*; General Motors Acceptance Corporation, *1985 Annual Report*, 1986, General Motors Acceptance Corporation (GMAC) Annual Reports 1980-1989 (Bound), General Collection, GM Heritage Center, General Motors.

⁶³⁹ General Motors Acceptance Corporation, *1988 Annual Report*, 1989, General Motors Acceptance Corporation (GMAC) Annual Reports 1980-1989 (Bound), General Collection, GM Heritage Center, General Motors.

⁶⁴⁰ General Motors Acceptance Corporation (GMAC), *1990 Annual Report*, 1991, Box General Motors Acceptance Corporation (GMAC) 1986-1995, Folder 1990 Annual Report, General Collection, GM Heritage Center, General Motors, 4.

just three years. In the purchasing example, you continue to make payments for five years.”⁶⁴¹

Leasing preys on the consumer society ideal of having the newest and best product at all times;

GM had previously emphasized this through annual models and planned obsolescence.

Furthermore, the ad argues that the SmartLease customer “can drive more vehicle for the same

payment.”⁶⁴² The pamphlet describes how SmartLease customers can borrow themselves into a

higher class of car, such as a Cadillac. Leasing reinforces the growth of finance to spur middle

class buying; even if customers cannot afford a fancy new car, they can at least drive like they

can. GMAC further capitalized on this by initiating a loyalty program in 1993. These programs

promised the consumer good feelings and freedom from long car loans, while keeping the

consumer indebted to the corporation through continued leasing.

Leasing grew dramatically in the 1990s and 2000s due to GMAC’s efforts advertising

leasing and making customers aware of the option.⁶⁴³ By 1994, there were about 500,000 leased

vehicles.⁶⁴⁴ By 2002, leasing comprised 20% of American auto sales.⁶⁴⁵ GMAC’s lease financing

volume dropped slightly in the late 1990s and early 2000s.⁶⁴⁶ However, it remained an important

part of GMAC and GM’s strategy. For decades, the auto industry relied on planned obsolescence

in its advertising strategies through annual model changes. Leasing accelerated their strategies

⁶⁴¹ General Motors Acceptance Corporation (GMAC), “SmartLease Takes the Mystery Out of Leasing (Pamphlet),” 1993, General Motors Acceptance Corporation (GMAC) 1986-1995 (Box), 1993 SmartLease (Folder), General Collection, GM Heritage Center, General Motors, 8.

⁶⁴² Ibid., 8.

⁶⁴³ In the 1993 Annual Report, GMAC reported that 20% of customers knew what leasing was 1990 and that number was up to 75% in 1993.

⁶⁴⁴ General Motors Acceptance Corporation (GMAC), *1994 Annual Report*, 1995, General Motors Acceptance Corporation (GMAC) 1986-1995 (Box), 1994 Annual Report (Folder), General Collection, GM Heritage Center, General Motors, 2.

⁶⁴⁵ Arif Sultan, “A Model of the Used Car Market with Lemons and Leasing,” *Applied Economics* 42 (2010): 3619–27.

⁶⁴⁶ GMAC Financial Services, *2001 Annual Review*, 2002, General Motors Acceptance Corporation (GMAC) 1996-200X (Box), 2001 GMAC Financial Services Annual Review (Folder), General Collection, GM Heritage Center, General Motors.

and provided a source of high-quality used cars.⁶⁴⁷ Leasing has continued to rise with customers leasing more than 4.5 million vehicles or about 32% of all auto sales.⁶⁴⁸

Because most lessees return their cars to the dealers at the end of the lease, dealers have an opportunity to sell a new leasing contract and a used car.⁶⁴⁹ In 1997, GMAC purchased a “nonprime” subsidiary, Nuvel, to make “nonprime” loans for used cars to customers who fell below GMAC’s standards.⁶⁵⁰ Leased vehicles are also subject to fees if returned in poor condition. Because lessees are incentivized to return the vehicle in good condition, the vehicles typically sell for higher costs than other used vehicles. To take advantage of the value of leased vehicles that had been returned to the dealer, GM began a certification of used cars in 1996.⁶⁵¹ Through the certification program, dealers paid the manufacturer to certify used cars.⁶⁵² This certification added additional value to the already higher value used vehicles.

In Roland Marchand’s “Parable of the Democracy of Goods,” advertisers attempt to sell goods by showing that “mass production and distribution enabled every person to enjoy the society’s most significant pleasure, convenience, or benefit.”⁶⁵³ Marchand argues, “By implicitly defining ‘democracy’ in terms of equal access to consumer products, and then by depicting the everyday functioning of that ‘democracy’ with regard to one product at a time, these tableaux

⁶⁴⁷ Sultan, “A Model of the Used Car Market with Lemons and Leasing.”

⁶⁴⁸ Edmunds, “Lease Market Report,” Edmunds, January 2017, <https://dealers.edmunds.com/static/assets/articles/lease-report-jan-2017.pdf>.

⁶⁴⁹ Sultan, “A Model of the Used Car Market with Lemons and Leasing.”

⁶⁵⁰ General Motors Acceptance Corporation (GMAC), *1997 Annual Report*, 1998, General Motors Acceptance Corporation (GMAC) 1996-200X (Box), 1997 Annual Report (Folder), General Collection, GM Heritage Center, General Motors; “Exec Sees Strong Growth for GMAC Subprime Unit,” *Automotive News* 73, no. 5790 (October 26, 1998): 30.

⁶⁵¹ Justin P. Johnson and Michael Waldman, “Leasing, Lemons, and Moral Hazard,” *Journal of Law and Economics* 53 (May 2010): 307–28; Charles Child, “GM Certified Used-Car Plan to Start This Fall,” *Automotive News* 70, no. 5663 (June 10, 1996): 3.

⁶⁵² Arlena Sawyers and Donna Harris, “The Certified Story: Rising Sales, Little Factory Profit,” *Automotive News* 78, no. 6104 (July 26, 2004): 8.

⁶⁵³ Marchand, *Advertising the American Dream*, 218.

offered Americans an inviting vision of their society as one of incontestable equality.”⁶⁵⁴

Marchand’s observation demonstrates that advertisers prey on consumers’ desires to live in the way that they imagine their neighbors live. All ads use this appeal. However, this method is important in leasing ads because they prey on consumers’ need to appear middle-class or higher. As leasing advertisements show, one need not be rich to own a Cadillac.

In the mid-1990s, just over half of all Cadillacs were leased by customers who were likely to return to the dealer for another Cadillac.⁶⁵⁵ For example, a 1994 GMAC pamphlet states: “lower your out-of-pocket cost with SmartLease, enjoy low monthly payments and have the flexibility to drive the new Cadillac of your choice every few years.”⁶⁵⁶ The pamphlet advertises the lease as 24 months, half the time of traditional 48 month financing. It also advertised lower monthly payments. The advertising is geared toward customers who are currently priced out of Cadillac and want to move up or current Cadillac customers who want to have new Cadillacs more frequently. The front page of pamphlet states, “SmartLease is right for you if you like to drive a new Cadillac every two or three years while taking advantage of lower monthly payments.”⁶⁵⁷ Print advertisements simultaneously emphasize the status afforded by a Cadillac and the affordability of a lease.

A 1998 ad states “Cadillac is open for business” in large black letters at the top. The simple black and white ad follows that statement with a paragraph describing the “year-end offers” available, while the paragraph ends with the statement, “There’s no reason to settle for

⁶⁵⁴ Ibid., 218.

⁶⁵⁵ Chad Rubel, “Auto Dealers Boost Marketing of Leases,” *Marketing News* 29, no. 11 (May 22, 1995): 18.

⁶⁵⁶ General Motors Acceptance Corporation (GMAC), “1994 Smartlease by GMAC: Here’s How You Can Drive The Cadillac You Want for Less (Pamphlet),” 1994, General Motors Acceptance Corporation (GMAC) 1986-1995 (Box), 1994 SmartLease (Folder), General Collection, GM Heritage Center, General Motors.

⁶⁵⁷ Ibid.

less than a Cadillac.”⁶⁵⁸ Below, it features pictures of two Cadillac models, a Deville and a Catera. The Catera is advertised as available for lease with \$1,848 due at signing. This relatively low amount is equivalent to a 20% down payment for a \$10,000 car. Thus, the pricing attempts to make the vehicle accessible, even though it would be difficult to own the Catera at the completion of the lease. Like the 1994 pamphlet, this ad utilizes the brand appeal of the Cadillac to suggest that consumers can afford to be upwardly mobile through a lease offer. One Cadillac ad went further to appeal to those who lacked funds to own a Cadillac. According to a 1999 Catera ad, no down payment or security deposit was required with a lease.⁶⁵⁹ These super low options make the Cadillac lease tempting for people who might otherwise be unable to afford one. The 36-month leases played on Cadillac’s brand image of being stylish and fashionable by speaking to both upwardly mobile individuals and those who wished to take advantage of Cadillac’s style by exchanging it for a new Cadillac. When lessees returned their cars, it created an opportunity to market used Cadillacs.

Most customers who lease choose to lease because the payments are often less than purchasing a car, and lessees can drive a nicer vehicle.⁶⁶⁰ Yet, consumers are not necessarily fully informed on the other costs of leasing, such as the costs at the end of vehicle. Other consumers may be confused about the up-front costs. The FTC found that some consumers were confused by early lease ads. Many included phrases like “no money down” or “low monthly payments” that were misleading because key lease terms were revealed in the fine print. GM’s early lease ads were found to contain many of these confusing terms, so the corporation settled

⁶⁵⁸ “Cadillac Is Open for Business,” 1998, GM Media Archive, General Collection, GM Heritage Center, General Motors.

⁶⁵⁹ “Think Zip.,” 1999, GM Media Archive, General Collection, GM Heritage Center, General Motors.

⁶⁶⁰ Sharon A. DeVaney and Janet C. Bechman, “Consumer Satisfaction With Vehicle Leasing,” *Consumer Interests Annual* 43 (1997): 22–26.

with the FTC. GM's settlement included a monetary penalty of \$12,500 payable to the each of the 20 states involved in the suit.⁶⁶¹ Like the 2014-2015 FTC investigation, the reason for the suit sounds similar to most auto ads: "these other charges were disclosed, but in tiny print at the bottom of print ads and in small print on television that scrolled by too quickly to read."⁶⁶² A writer for the trade publication *Broadcasting & Cable* indicated that the FTC case mandated that ads have "clear and conspicuous" disclosures. This meant making them readable, but most disclosures are still in small font at the bottom of the screen.⁶⁶³ The difference between legible and illegible is a fine line for manufacturers, dealers, and consumers.

Importantly, leases not only drove up the sales of Cadillacs, but they also created the opportunity for a new used product: a certified pre-owned Cadillac. In 1996, GM began offering certified pre-owned vehicles to compete with "used-car superstores," like CarMax.⁶⁶⁴ Certified pre-owned synergized with leasing because some certified vehicles were leased vehicles that were returned to the dealer. Certified vehicles reduced the risk in buying a used vehicle because the dealer or manufacturer inspected the vehicle before it was put up for sale. Certified vehicles also include additional warranties.⁶⁶⁵ The certification allows the dealer to charge more for the vehicle, and customers pay extra for peace of mind.⁶⁶⁶ Certified pre-owned vehicles come with higher interest rates but were still part of the move toward financial promotions in advertising. Both auto manufacturers and dealers profited from certified pre-owned because the program

⁶⁶¹ Albert B. Crenshaw, "5 Carmakers to Curb Ads Touting Low-Cost Leases; FTC, States Alleged Deception on Terms," *Washington Post*, November 22, 1996.

⁶⁶² *Ibid.*, B10.

⁶⁶³ Steve Blumenthal, "How Ads Should Handle the Truth," *Broadcasting & Cable* 137, no. 41 (October 12, 2007): 30.

⁶⁶⁴ Charles Child, "GM Taking on Used-Car Giants: All Divisions May Offer Certification," *Automotive News* 70, no. 5636 (December 11, 1995): 1-2.

⁶⁶⁵ Scott Miller, "Certified Cars Gaining Popularity," *The Pantagraph*, August 1, 2006.

⁶⁶⁶ Emily Prawdzik Genoff, "Certified Pre-Owned Customers Resemble New-Car Buyers," *Ward's Dealer Business* 41, no. 6 (June 2007): 50.

cultivated customer loyalty and was profitable for dealers.⁶⁶⁷ However, as the FTC found in 2016, some certified pre-owned vehicles were subject to recalls. Yet, GM offered them as certified even though the repairs had not been made.⁶⁶⁸ Consumers went decades without realizing that certification was largely an advertising gimmick.

The Cadillac Escalade was a large, powerful SUV that helped rebuild Cadillac's reputation and increase the proportion of younger customers who purchased Cadillacs. A 2002 Cadillac certified pre-owned ad showed the front of an Escalade driving toward the viewer in black and white. Above the vehicle, the ad states, "Cadillac certified pre-owned experience." Underneath the vehicle, in white font, the ad reads, "Imagine how the guy who had to turn it in felt."⁶⁶⁹ The ad attempts to evoke the consumer's imaginary – imagining themselves in almost new Cadillac. Unlike other ads discussed in this chapter, the Escalade ad does not include specific financing information. The absence of financing information is likely because manufacturers do not typically offer deals on used vehicles. Used vehicle loans are generally riskier for the lender. Less qualified buyers are likely to look for used car loans because they cannot afford a new car. The ad, like several others for different Cadillac models in 2002, offers a "like new" experience with owner benefits and a new warranty. The appeal of the used or "pre-owned" Cadillac is that someone who could not dream of new Cadillac can dream of themselves in a used one. Evoking Marchand's democratic parable, the leased Cadillac is returned, made new, and sold again to another customer.

⁶⁶⁷ Sawyers and Harris, "The Certified Story."

⁶⁶⁸ Donald S. Clark, "In the Matter of General Motors LLC, a Limited Liability Company," Federal Trade Commission, December 8, 2016, <https://www.ftc.gov/system/files/documents/cases/160128generalmotorscmpt.pdf>.

⁶⁶⁹ "Imagine How the Guy Who Had to Turn It in Felt," 2002, GM Media Archive, General Collection, GM Heritage Center, General Motors.

Conclusion

During the 1990s and 2000s, GM profited increasingly from finance within the auto industry. The corporation relied on financial promotions to bring in customers and sustain profits. This chapter argued that GM's advertising became co-promotional. Ads promoted not only vehicles but also loans and leases from GMAC. In the aftermath of September 11, 2001, GM began a 0% financing promotion that never ended. This promotion demonstrates the inherent problems with ads that use financial promotions. Most customers were not eligible for these loans but were lured in by the sales. This presents an opportunity for dealers to use dense financial paperwork to trap consumers in long contracts with bad terms. Unfortunately, many of the problems identified by Consumers' Union and Public Citizen have not been remedied. Dealer markups are again legal, so dealers can apply them discriminatorily. FTC investigations into lease ads and auto loan ads found that many ads had misleading language and opaque fine print. Yet, nearly all auto ads contain financial terms and fine print at the bottom. That fine print can be difficult to decipher and leaves consumers vulnerable to deception. Revisiting the policy proposals by Public Citizen would help ease consumers' unease with auto dealers.

CHAPTER 5: AUTO SAFETY OR JUST SAFETYWASHING?

Introduction

The financial promotions described in the previous chapter helped GM sell millions of SUVs. Consumers not only bought SUVs for their price but also their safety. Along with safety in ads, GM featured safety in its corporate social responsibility campaigns. In the 1990s and 2000s, GM used CSR to fight public perception that its SUVs were unsafe. In this chapter, I argue that GM used CSR as a form of “safetywashing” to detract from lobbying against National Highway and Traffic Administration (NHTSA) standards. Combined with the ad campaigns for SUVs discussed in the previous chapter, safetywashing has led consumers to underestimate the risks of driving an SUV. Unfortunately, SUVs have had a negative impact on consumer safety, a problem that was particularly stark in the late 1990s and early 2000s when popular SUVs were susceptible to rollover. In this chapter, I continue the arguments of the previous chapter. I argue that PR and lobbying have influenced auto safety due to the flaws of the commercial media system.

As I described in chapter 3, PR has had a long relationship with commercial media in the U.S. Press releases, edited or unedited, have long been published in news outlets. With declining revenue and staff, news outlets increasingly rely on press releases as a source of news. In the past, about 40% of newspaper articles were derived from press releases. Today, the number may be as high as 86% for some papers.⁶⁷⁰ Meanwhile, the influence of advertising allows corporations to have even more favorable access to journalists, especially those that work for local media. Corporate influence can range from “information subsidies” wherein press releases

⁶⁷⁰ Cutlip, *The Unseen Power*; McChesney, *Digital Disconnect*.

and corporate facts are substituted for other sources of information to local news stories about CSR efforts that build community trust.⁶⁷¹ In this chapter, I discuss GM's lobbying of the NHTSA and its safetywashing using primary and secondary sources. By examining GM's PR and its control over auto safety regulation, this chapter shows one way in which promotional communication has influenced the commercial media system.

In the following pages, I first describe corporate social responsibility. Next, I give an overview of my methods before turning to an examination of how the NHTSA became a "captured" agency. I focus on a few key SUV safety issues and the GM ignition switch scandal. I show how the industry was able to compromise the NHTSA and prevent robust regulation. Finally, I discuss GM's safetywashing efforts and how they reflected GM's emphasis on driver behavior in lobbying. I focus on three programs: child safety, the promotion of air bags, and work with Mothers Against Drunk Driving (MADD).

Corporate Social Responsibility

Studies of corporate social responsibility (CSR) cross multiple disciplinary boundaries, including management, public relations, and sustainability studies. All these different fields have a myriad of definitions for CSR.⁶⁷² CSR typically involves a corporation addressing the needs of "stakeholders," such as customers, employees, and shareholders, that fall beyond legal requirements.⁶⁷³ CSR programs include corporate philanthropy, community involvement,

⁶⁷¹ Oscar H. Gandy, Jr., *Beyond Agenda Setting: Information Subsidies and Public Policy* (Norwood, NJ: Ablex Pub. Co., 1982), 64.

⁶⁷² Donnalyn Pompper, *Corporate Social Responsibility, Sustainability and Public Relations: Negotiating Multiple Complex Challenges* (London: Routledge, 2015); Beal, *Corporate Social Responsibility*; W. Timothy Coombs and Sherry J. Holladay, *Managing Corporate Social Responsibility* (West Sussex, UK: Wiley-Blackwell, 2012).

⁶⁷³ Roy Leeper, "In Search of a Metatheory for Public Relations: An Argument for Communitarianism," in *Handbook of Public Relations*, ed. Robert L. Heath and Gabriel Vasquez (Thousand Oaks, CA: Sage Publications, Inc., 2001), 93–104; Derina R. Holtzhausen and Ansgar Zerfass, "Strategic Communication: Pillars and Perspectives of an Alternative Paradigm," in *Public Relations and Communication Management: Current Trends and Emerging*

sustainability, and other charitable activities, such as corporate donations after catastrophes or employees volunteering with Habitat for Humanity.⁶⁷⁴ Despite the lofty goals set for CSR, the programs are really PR that enhances the appeal of the corporation. Most CSR programs are run out of PR offices because “communication is central to all variations on the CSR theme.”⁶⁷⁵ CSR programs are not useful to the corporation unless they are publicized. Like other contemporary corporations, GM’s promotional communications are synchronized. In 1990, GM even dropped the name “public relations” for its PR department and replaced it with “Communications and Marketing.” GM’s CSR was not simply about doing good but was strategic. CSR serves to “cover up” company practices and defend the corporation from criticism; this means any benefits derived from CSR are often outweighed by other practices.⁶⁷⁶

CSR serves a political purpose.⁶⁷⁷ With the advent of neoliberalism, CSR became an attempt to replace government taxation and social services with private funding as described in chapter 3. In response to a new wave of consumer criticism in the 1990s, corporations invested in CSR to placate their customers and employees. By investing in philanthropy, employee volunteerism, and cause-related marketing, corporations could demonstrate their commitment committed to social causes.⁶⁷⁸ This defensive tactic staved off criticism and brought in customers.⁶⁷⁹ With the benefits of CSR clear, spending on corporate giving rose during the

Topics, ed. Krishnamurthy Sriramesh, Ansgar Zerfass, and Jeong-Nam Kim (New York: Routledge, 2013), 283–302; Pompper, *Corporate Social Responsibility*; Beal, *Corporate Social Responsibility*.

⁶⁷⁴ Beal, *Corporate Social Responsibility*, 15; Claire Fauset, “What’s Wrong with Corporate Social Responsibility?,” *Corporate Watch Report*, 2006, <https://corporatewatch.org/wp-content/uploads/2017/08/CSRreport.pdf>; Coombs and Holladay, *Managing Corporate Social Responsibility*.

⁶⁷⁵ Pompper, *Corporate Social Responsibility*, 57.

⁶⁷⁶ Claire Fauset, “What’s Wrong with Corporate Social Responsibility?”

⁶⁷⁷ Stole, “Philanthropy as Public Relations.”

⁶⁷⁸ Ian Davis, “The Biggest Contract,” *The Economist*, May 28, 2005, 88.

⁶⁷⁹ Ian Wilhelm, “Corporate Giving Spurs Sales Growth, Study Finds,” *Chronicle of Philanthropy* 19, no. 8 (February 8, 2007): 7; Wayne Elsey, “Innovative Ways to Promote CSR Besides Donating Money,” *Forbes*, October 12, 2018, <https://www.forbes.com/sites/forbesbusinessdevelopmentcouncil/2018/10/12/innovative-ways-to-promote-csr-besides-donating-money/#6fa5a43a1646>.

2000s.⁶⁸⁰ In 2004, corporate foundations spent \$12 billion on philanthropy; by 2014, they spent \$18 billion.⁶⁸¹ Corporation foundations do not tell the whole story. For example, more than half of GM's 1994 donations were from the GM corporation instead of the GM Foundation. In addition to the political and social benefits of donations, corporations can deduct donations on their taxes, creating a financial incentive for donation.

While CSR programs may appear to be in the community interest, they instead uphold the structures of power within the neoliberal landscape.⁶⁸² CSR programs create a “perception of corporate social responsibility [that] decreases community resistance to controversial organizational initiatives within the community.”⁶⁸³ In other words, CSR programs are an inadequate replacement for social services,⁶⁸⁴ and they are a means of creating good community relations to help the corporation. By building a relationship with the community, corporations lay the groundwork for preventing unfavorable regulations or negotiating favorable agreements. Economist John Kenneth Galbraith argued that corporate philanthropy can lead to too much corporate influence over policies and governance.⁶⁸⁵ His theory has been supplemented by recent evidence that suggests that corporations are likely to support non-profits with key politicians on

⁶⁸⁰ Ian Wilhelm, Leah Kerkman, and Cassie Moore, “Corporate Giving Rebounds,” *Chronicle of Philanthropy* 17, no. 20 (August 8, 2005): 11; Ian Wilhelm et al., “Big Business Doing More for Charity,” *Chronicle of Philanthropy* 16, no. 20 (August 5, 2004): 7–16; Ian Wilhelm, “Corporate Giving Increased 2.7% Last Year, Study Finds,” *Chronicle of Philanthropy* 19, no. 16 (May 31, 2007): 30.

⁶⁸¹ Margarete R. Hall, “Corporate Philanthropy and Corporate Community Relations: Measuring Relationship-Building Results,” *Journal of Public Relations Research* 18, no. 1 (2006): 1–21; Eduardo Porter, “Charitable Giving by Corporations Is Also About Getting, a New Study Finds,” *New York Times*, April 3, 2018, <https://www.nytimes.com/2018/04/03/business/economy/charitable-giving-corporations.html?login=email&auth=login-email>.

⁶⁸² Davis, *Promotional Cultures*.

⁶⁸³ Leeper, “In Search of a Metatheory for Public Relations,” 101.

⁶⁸⁴ Mara Einstein, “Cause Marketing and the Rise of Value-Based Brands: Exploiting Compassion in the Pursuit of Profits,” in *The Routledge Companion to Advertising and Promotional Culture*, ed. Matthew P. McAllister and Emily West (New York and London: Routledge, 2015), 373–85; King, *Pink Ribbons, Inc.*

⁶⁸⁵ Cited in Koten, “The Strategic Uses of Corporate Philanthropy,” 150.

their boards of directors.⁶⁸⁶ As the *New York Times* put it, “there are many doors that corporate America can use to buy influence.”⁶⁸⁷ For example, Mothers Against Drunk Driving (MADD), a non-profit partner of GM, previously worked with Elizabeth Dole, a former head of the NHTSA. Today, MADD’s board includes both a former NHTSA Administrator and a former GM employee.⁶⁸⁸ Favoring charities favored by regulators frequently grants benefits.

Corporations also engage in “CSR washing” by using CSR to cover up for bad behavior.⁶⁸⁹ Some scholars have identified particular kinds of “washing,” such as pinkwashing when “companies marketing pink ribbon products while at the same time producing and/or selling products that are associated with breast cancer.”⁶⁹⁰ I propose the term “safetywashing” to describe the CSR campaigns discussed in this chapter. GM engaged in “safetywashing” by promoting auto safety, while lobbying against regulations by the National Highway Traffic Safety Administration (NHTSA) and making misleading statements about SUV safety. The consequences of this have been dire for consumer safety. In the 1990s and 2000s, there were thousands of victims of rollover SUV crashes.⁶⁹¹ In addition, drivers in small cars are more likely to die in an accident with an SUV, a problem known as vehicle incompatibility. As I outlined in the previous chapter, despite high profile rollover accidents, Americans believed

⁶⁸⁶ Marianne Bertrand et al., “Tax-Exempt Lobbying: Corporate Philanthropy as a Tool for Political Influence” (Cambridge, MA: National Bureau of Economic Research, March 2018).

⁶⁸⁷ Porter, “Charitable Giving by Corporations Is Also About Getting.”

⁶⁸⁸ MADD, “Our Leadership,” MADD, 2019, <https://www.madd.org/about-us/leadership/>.

⁶⁸⁹ Coombs and Holladay, *Managing Corporate Social Responsibility*; Shannon A. Bowen and Tiffany Derville Gallicano, “A Philosophy of Reflective Ethical Symmetry: Comprehensive Historical and Future Moral Approaches in the Excellence Theory,” in *Public Relations and Communication Management: Current Trends and Emerging Topics*, ed. Krishnamurthy Sriramesh, Ansgar Zerfass, and Jeong-Nam Kim (New York: Routledge, 2013), 193–209; Pompper, *Corporate Social Responsibility*.

⁶⁹⁰ Sarah Mart and Norman Giesbrecht, “Red Flags on Pinkwashed Drinks: Contradictions and Dangers in Marketing Alcohol to Prevent Cancer,” *Addiction* 110 (2015): 1541–48.

⁶⁹¹ Bradsher, *High and Mighty*; Penenberg, *Tragic Indifference*.

SUVs to be safe.⁶⁹² Furthermore, thanks to used car sales, faulty SUVs sold years ago may still be on the roads and sold to new owners. Today, GM still touts safety as a selling point for SUVs.⁶⁹³

As I described in the previous chapter, GM was one of the biggest advertisers in the U.S. It was also the largest auto manufacturer in the world by sales for most of its history. GM has also held the top spot on the Fortune 500 listing of top companies by annual revenue and is one of only three companies that have done so during the past fifty years.⁶⁹⁴ GM achieved the number one rank on the Fortune 500 listing in 1998 but slid to number four in 2008 when it faced a bankruptcy crisis. As an industry leader, other automakers mirrored GM's corporate strategies. GM's CSR strategies are representative of the auto manufacturers' commitment to using CSR to cover for corporate practices. The U.S. auto industry collaborated on lobbying the NHTSA and even overlapped on some CSR activities.

Beyond GM's leadership, GM's CSR programs show how the auto industrial complex used promotional communication to cement its policy leadership with consequences for consumer health and safety. As I discussed in the previous chapter, safety became a selling point for SUVs. This chapter shows how GM's CSR reinforced the advertised message of safety. Because of the dependency of commercial media on PR and advertising, GM's CSR campaigns gained a wider reach. The success of the ad and PR campaigns set the U.S. on track toward a

⁶⁹² Michael S. Wogalter, Vincent C. Konzola, and Eric F. Shaver, "Perceptions of Sport-Utility Vehicle (SUV) Safety by SUV Drivers and Non-Drivers," in *Proceedings of the Human Factors and Ergonomics Society Annual Meeting*, 2002, 986–97, <https://doi.org/10.1177/154193120204601202>.

⁶⁹³ General Motors, "10 Reasons Why SUV Owners Never Go Back to Regular Cars," Chevrolet Pressroom, May 31, 2018, https://media.gm.com/media/th/en/chevrolet/home.detail.html/content/Pages/news/th/en/2018/may/0531_10reasons.html.

⁶⁹⁴ Preeti Varathan, "Just Three Companies Have Topped the Fortune 500 since 1955," Quartz, May 21, 2018, <https://qz.com/1283342/fortune-500-just-three-companies-walmart-exxon-mobil-and-gm-have-ever-topped-the-list/>.

future where SUVs are still best-selling vehicles. GM's CSR program characterized the corporation as a safety-oriented company. This chapter focuses on a few major types of CSR that GM used. First, I discuss the evolution of corporate philanthropy. Then, I describe how corporate sponsorships served an important role for GM. After that, I discuss how GM used employee volunteerism. Finally, I discuss cause-related a marketing, a strategic philanthropy tactic.

First, GM invested millions in corporate philanthropy. Before the advent of corporate foundations, corporate philanthropy was a hap-hazard affair that was often overseen by the president's wife who simply chose her favorite charity. By the mid-1980s, major corporations had created corporate foundations to formalize and centralize their giving. Recently, corporate philanthropy has shifted to strategic philanthropy wherein "companies now expect a return on their bottom line for a contribution."⁶⁹⁵ In the 1990s and 2000s, the GM Foundation spent millions of dollars on a variety of philanthropic programs, although most of the money went toward education programs for science and engineering.⁶⁹⁶ The GM Foundation also took the strategic part of donations literally and donated to conservative public policy organizations, including the American Enterprise Institute (AEI) and the Heritage Foundation.⁶⁹⁷ GM's investment in AEI and Heritage paid off in the early 2000s when both organizations supported GM's arguments against Corporate Average Fuel Economy (CAFE) standards. Neither organization was heavily involved in auto safety, except to claim that CAFE standards would hurt consumer safety as I discuss in the following chapter.⁶⁹⁸

⁶⁹⁵ Donn J. Tilson and Donald Vance, "Corporate Philanthropy Comes of Age," *Public Relations Review* 11, no. 2 (1985): 26–33: 31.

⁶⁹⁶ General Motors, *GM Philanthropic Report*, 1994, General Motors Annual Reports 1991-1995 (Box). General Collection, GM Heritage Center, General Motors.

⁶⁹⁷ Ibid.

⁶⁹⁸ Charli Coon, "Driven to Distraction," Heritage Foundation, November 13, 2003, <https://www.heritage.org/environment/commentary/driven-distraction>.

Second, the GM Foundation also supported marketing sponsorships.⁶⁹⁹ Sponsorships of special events, like sports, concerts, and festivals, can be considered “hardball giving,” wherein a return on investment is expected, although sports sponsorships, unlike arts or cultural sponsorships, are not always considered philanthropy.⁷⁰⁰ GM sponsored a variety of art and media presentations, including Ken Burns’ *Civil War* and *Baseball* documentaries.⁷⁰¹ Similarly, GM sponsored a variety of sports events from the Professional Golf Association (PGA) Tour to the World Cup. In addition to the promotional benefits of sponsorship, GM benefited from traditional product advertising opportunities during the events. These sponsorships may have constituted CSR, but they also served a strategic purpose as outlets for GM advertising by tying key brands like Cadillac to sports.

Third, GM corporate philanthropy included employee volunteerism. GM encouraged employees to volunteer their time as a demonstration of their commitment.⁷⁰² Employee volunteerism can serve a managerial purpose as a team building activity. GM also used pictures of volunteering employees in annual reports to showcase that GM cared about the communities in which it operated.⁷⁰³ This chapter addresses some employee volunteerism projects, such as GM’s campaign with MADD. Frequently, GM and the UAW participated in the same volunteer projects to demonstrate that the corporation and the union shared a commitment to the community. The collaboration also masked the problems between GM and the UAW because of plant shutdowns in the 1990s.

⁶⁹⁹ General Motors, *GM Philanthropic Report*.

⁷⁰⁰ Tilson and Vance, “Corporate Philanthropy Comes of Age,” 31.

⁷⁰¹ General Motors, *GM Philanthropic Report*.

⁷⁰² Pompper, *Corporate Social Responsibility*, 79.

⁷⁰³ General Motors, *General Motors Corporation 2004 Annual Report*, 6.

Fourth, GM sometimes used cause-related marketing (CRM), a practice through which corporations monetize philanthropy. CRM has variously been described as corporate philanthropy, CSR, and a “cousin” of philanthropy because it is paid for by operating funds rather than corporate foundations.⁷⁰⁴ Samantha King describes CRM as strategic philanthropy that preys on consumers’ desires for giving by incentivizing them to purchase products with “good” intentions, such as the (Red) products that raise money for the Global Fund.⁷⁰⁵ Both corporate and consumer interest in CRM increased after the terrorist attacks on September 11, 2001.⁷⁰⁶ CRM combines philanthropy with advertising and marketing. GM’s partnership with MADD offered consumers the opportunity to get a red ribbon at their local dealer for their vehicle, which triggered a donation from GM. This functioned similarly to most CRM programs. Local dealers benefitted from a flood of consumers who might consider shopping for a new vehicle. Similarly, Ford has a “Warriors in Pink” program that raises money for Susan G. Komen with purchase triggered donations from merchandise.⁷⁰⁷

Methods

PR programs contain multiple components ranging from press releases to press kits to videos and photographs. Press releases have been a basic component of PR practices for decades.⁷⁰⁸ In historical studies of PR activities, press releases and statements are used to identify

⁷⁰⁴ Jennifer Mullen, “Performance-Based Corporate Philanthropy: How ‘Giving Smart’ Can Further Corporate Goals,” *Public Relations Quarterly* 42, no. 2 (1997): 42–48; Coombs and Holladay, *Managing Corporate Social Responsibility*; Holtzhausen and Zeffass, “Strategic Communication: Pillars and Perspectives of an Alternative Paradigm,” 295.

⁷⁰⁵ King, *Pink Ribbons Inc.*

⁷⁰⁶ Einstein, “Cause Marketing and the Rise of Value-Based Brands,” 375.

⁷⁰⁷ Ford Motor Company, “Warriors in Pink,” Ford Warriors in Pink, 2019, <https://www.warriorsinpink.ford.com/#&panel1-1>.

⁷⁰⁸ Lisa Mullikin Parcell, Margot Opdycke Lamme, and Skye Chance Cooley, “Learning from the Trades: Public Relations, Journalism, and News Release Writing, 1945-2000,” *American Journalism* 28, no. 2 (Spring 2011): 81–111.

the narrative pushed by PR practitioners.⁷⁰⁹ For example, in a study of casino PR in Las Vegas, Jessalynn R. Strauss used casino press releases to show how casinos promoted Las Vegas through press releases about performers and amenities.⁷¹⁰ Press releases are still widely produced to plant positive stories and to garner influence over news media.⁷¹¹ Today, press releases have increased importance as time-strapped journalists may publish them in their entirety or with minimal editing.⁷¹² Alternatively, journalists may rely on releases to supplement other research. Press releases demonstrate what a corporation wants the public to know about its programs, services, and campaigns.

At the General Motors Heritage Center, PR programs were primarily archived through press releases. By examining the releases, I got a sense of how GM used its PR offices. While many of GM's press releases dealt with quarterly financial reports and sales figures, others present a nearly comprehensive scope of CSR campaigns and the narrative that GM wanted to push with them. To address whether these campaigns constituted safetywashing, I needed additional evidence. Critical PR scholar Jacquie L'Etang argues that scholars must "include analysis of historical, political, ideological, and sociocultural factors in designing CSR programs."⁷¹³ Therefore, I place the press releases in the political context in which they were produced through secondary sources, including books about the period and contemporary news

⁷⁰⁹ Kirk Hallahan, "Ivy Lee and the Rockefellers' Response to the 1913-1914 Colorado Coal Strike," *Journal of Public Relations Research* 14, no. 4 (2002): 265–315.

⁷¹⁰ Jessalynn R. Strauss, "From the Last Frontier to the New Cosmopolitan: A History of Casino Public Relations in Las Vegas," *Public Relations Review* 39, no. 2 (2013): 124–30.

⁷¹¹ Rudolf Beger, *Present-Day Corporate Communication: A Practice-Oriented, State-of-the-Art Guide* (Singapore: Springer, 2018).

⁷¹² McChesney, *Digital Disconnect*; Bob Burton, "Unmasking Public Relations," in *Thinker, Faker, Spinner, Spy: Corporate PR and the Assault on Democracy*, ed. William Dinan and David Miller (London: Pluto Press, 2007), 247–60.

⁷¹³ Jacquie L'Etang, Jairo Lugo-Ocando, and Zeti Azreen Ahmad, "Ethics: Corporate Social Responsibility, Power and Strategic Communication," in *Handbook of Communication and Corporate Social Responsibility*, ed. Øyvind Ihlen, Jennifer L. Bartlett, and Steve May (West Sussex, UK: Wiley-Blackwell, 2011), 170–87: 182.

and trade publication coverage. This context shows how the press releases operated as safetywashing to obscure GM's lobbying campaign. Secondary sources also show if press releases were published and how news agencies supplemented or altered them. Finally, I consulted contemporary polling data to judge how effective these campaigns were. The limited polling data available and the continued rise in SUV sales provides some information on how the public perceived the SUV safety claims.

I collected 1753 press releases from GM and GMAC in their entirety. Because I gathered primary research at the GM Heritage Center's collection, the majority were from GM. There were very few press releases from GM subsidiaries, including GMAC. The releases ranged in date from January 2, 1990 to October 22, 2009, a few the months after GM's bankruptcy and the start of the "new GM." The releases from 1990 to 1998 were largely comprehensive because copies of the paper press releases were available at the archive. There were some paper copies of press releases between 1999 and 2003, but the sample was more limited. The digital collection began with the year 2000; thus, there are likely press releases in 1999 that were not archived on paper or digitally. The sample for the years 2000 to 2009 was more limited. I curated a collection that focused on CSR, advertising, and marketing. The press releases concerning advertising and marketing programs were used to augment the previous chapter.

To sort through the releases, I categorized the press releases based on content into one of twelve categories: CSR, production and sales numbers, car models, appointment and executive updates, union relations, speeches and awards received by GM or GM employees, lobbying, green or environmental releases, technological or engineering, news related to mergers and subsidiaries, recalls, and other. The other category included a large portion of financial and investor relations releases, such as issues of stock, and was the largest category of releases; it

accounted for 443 releases. Production and sales numbers were released by quarter and annually, with some additional releases that included production numbers for some models. As expected, production was the second largest category with 304 releases. Finally, CSR and news related to mergers and subsidiaries had roughly the same amount of releases; there were 215 CSR releases and 218 on mergers and subsidiaries. I placed some releases in two categories. For example, union relations might overlap with technological or engineering related news in the case of news release for a Saturn plant that mentioned innovating in engineering and labor. In addition to these rough categories, I made notes on themes of the releases to find projects that stretched across multiple years, as well as persistent corporate activities by General Motors.

The “Captured” NHTSA

This section describes the political and legislative context of GM’s safetywashing campaigns. As described earlier in this dissertation, the auto industry’s primary regulator is the National Highway Traffic and Safety Administration (NHTSA). The NHTSA should operate in the public interest to protect consumer safety. However, over the past few decades, the NHTSA has become a “captured” agency, so the industry now holds more sway than the public over NHTSA’s decision-making. In this section, I describe how the auto industry compromised the NHTSA and the consequences for consumer safety. Then, I describe some specific consequences for SUV safety. I conclude this section with a discussion of the GM ignition switch scandal.

As I described in chapter 3, the NHTSA is the primary regulator for the auto industry; it is responsible for both auto safety regulation and fuel efficiency standards, which will be discussed in the next chapter. The NHTSA was originally focused on how auto manufacturers could better design vehicles to be safe; the agency instituted a variety of safety standards in its

first decade.⁷¹⁴ However, even in the early years of the agency, industry concerns hobbled NHTSA regulations. The auto industry alleged that they could not meet regulatory standards within a few years, so the NHTSA extended the deadline to comply. This capitulation set the general practice at the NHTSA; the agency would now alter rules in light of industry concerns regarding pricing and feasibility. In the following years, to get rule extensions or changes, the industry regularly claimed that safety measures were expensive or impractical.

The NHTSA was not always a captured agency. President Jimmy Carter appointed Joan Claybrook, formerly the head of Ralph Nader's Congress Watch, to run the NHTSA. Claybrook led the NHTSA from 1977 to 1980. Claybrook created the New Car Assessment Program (NCAP).⁷¹⁵ Although NCAP became a model for assessing auto safety worldwide, other countries have expanded their safety regimes beyond the U.S. standards in the decades since NCAP was created. Despite Claybrook's tenacity, regulatory delays persisted. In the 1980s, the U.S. auto industry was struggling, and President Ronald Reagan promised to de-regulate the auto industry. The NHTSA became a target of Reagan's ire, so the agency adapted by integrating Reagan's concerns about economic feasibility into rulemaking. One NHTSA administrator even stalled on installing hooks for child safety seats because they cost \$1 per vehicle instead of ninety-seven cents per vehicle. The NHTSA also delayed rulemaking by heavily researching proposals to prove they were necessary rather than instituting regulations.⁷¹⁶

Long-serving Michigan representative John Dingell, an ally of the U.S. auto industry, played a critical role in creating the current model of NHTSA regulations. While a liberal Democrat in many respects, Dingell was also tied to the auto industry, which provided him with

⁷¹⁴ Lemov, *Car Safety Wars*; Mashaw and Harfst, *The Struggle for Auto Safety*.

⁷¹⁵ Lemov, *Car Safety Wars*.

⁷¹⁶ Jerry L. Mashaw and David L. Harfst, "From Command and Control to Collaboration and Deference: The Transformation of Auto Safety Regulation," *Yale Journal on Regulation* 34, no. 1 (2017): 167–278.

campaign funds for decades; Ralph Nader described him as “the No. 1 enemy of consumers on Capitol Hill.”⁷¹⁷ From 1981 to 1995, Dingell served as the chairman of the House Energy and Commerce Committee where he was known as “The Truck” because he stopped any regulations that targeted the auto industry. During that time, he maintained an “autocratic” control over the committee.⁷¹⁸ His removal as Chairman of Energy and Commerce meant Congress could institute some legislation calling for the NHTSA to take regulatory action, such as rollover protection. However, the NHTSA was not required to act under congressional legislation. After he was removed as Chairman in 1995, he still served as ranking member on the committee, so his voice was undoubtedly influential.

Despite its authorization, the NHTSA resisted implementing many regulations Congress ordered. The NHTSA holds secret meetings with the auto industry, does not make use of its subpoena powers, and does not usually issue mandatory recalls.⁷¹⁹ Further, the NHTSA budget is meager. Only about 16% of its budget goes to auto safety regulation; the majority goes to highway safety. Furthermore, some of Congress’ regulations instantiated rules that were already in place, like air bags, or laws that were already common around the world, such as antilock brakes.⁷²⁰ As I discuss later in this chapter, the auto industry delayed air bags for decades before they were implemented in the early 1990s. By the 1990s, the NHTSA regularly worked with auto manufacturers and was slow to implement rules. These problems came to a head with SUV safety issues.

⁷¹⁷ Ibid.,” 195.

⁷¹⁸ Ibid.,” 198.

⁷¹⁹ Ralph Nader, “Ralph Nader: Safety in Name Only at NHTSA,” *USA Today*, September 17, 2014, <https://www.usatoday.com/story/opinion/2014/09/17/ralph-nader-safety-nhtsa-investigation-regulation-congress-gm-stalled-column/15801047/>.

⁷²⁰ Mashaw and Harfst, “From Command and Control to Collaboration and Deference.”

SUV Safety

GM spent millions during the 1990s and 2000s promoting SUVs because they were a key area of profitability, as described in chapter 2. Although consumers often distinguish SUVs from trucks, federal regulations consider them to be “light trucks” because they often have a truck chassis. Light trucks are treated separately from cars for safety and fuel economy legislation, so safety measures come to light trucks and SUVs later. During the 1990s and 2000s, the number of SUVs on the road increased dramatically; this led to immediate impacts on safety and fuel economy; fuel economy will be discussed in the next chapter. Many consumers purchased SUVs believing they were safe, despite numerous court cases against auto manufacturers detailing their risks. This section describes three key SUV safety issues: braking, vehicle compatibility, and rollover.

The first safety issue with SUV is braking. SUVs have a longer stopping distance because of the vehicle’s weight, tires, and brakes. The first SUVs still had cheap brakes despite their high cost because of the design process. In the early 1990s, all SUVs used a light truck chassis. Because light trucks were designed as work vehicles to be sold for commercial use, manufacturers put the cheapest possible brakes on them to keep the price low for business purchases.⁷²¹ These cheap breaks made it hard to stop the large vehicle quickly. Another factor contributing to the SUV braking problems was the tires that came standard on SUVs. SUV tires were meant for driving off-road, so they had less grip on the road. However, buyers of SUVs did not drive them off-road.⁷²² While these tires were an asset when selling the vehicle, they became a problem when drivers drove their SUVs on highways and suburban roads. Off-road tires made

⁷²¹ Bradsher, *High and Mighty*.

⁷²² Ibid.

it difficult to stop quickly, particularly when combined with the poor brakes. Breakthroughs at Ford led to some improvements in brake design in the early 2000s. Unfortunately, thousands of SUVs with poor brakes had already been sold by that time. Because many vehicles stay on the road for about a decade after they are sold, this means that these problems persist long after design changes are implemented.

The second safety issue that continues to plague SUVs is vehicle incompatibility, a term that refers to the effect of SUVs on other vehicles in accidents. As SUVs grew larger during the 1990s and 2000s, their size was promoted as a safety advantage. Auto industry focus groups indicated that women perceived the higher, larger SUV as safer for their families. Unfortunately, SUVs put other motorists at risk.⁷²³ In the 1970s, researchers found that high front ends are dangerous to other cars on the road. In an accident, the SUVs front end is so high that it may slam directly into drivers in small vehicles and cause disastrous damage. Public Citizen has reported that the death rate for car drivers in crashes with SUVs is over four times higher than the death rate for SUV drivers.⁷²⁴ Yet, auto manufacturers dismiss studying vehicle compatibility. Like the choice to drive SUVs, auto manufacturers argue that discussing vehicle incompatibility means telling SUV drivers that they cannot drive SUVs.

Auto manufacturers have also turned to science to argue that vehicle incompatibility is not solvable. They argue that the weight and size of the vehicle, not the design, is what causes damage to cars. By this logic, because people cannot be prevented from buying large vehicles, everyone should just buy larger vehicles to be safer. However, this ignores the other safety issues and environmental drawbacks of SUVs.⁷²⁵ In Europe, foreign manufacturers designed vehicles

⁷²³ Ibid.

⁷²⁴ Public Citizen, "Compatibility Standard Will Do Double Duty," Public Citizen, June 12, 2007, <https://www.citizen.org/compatibility-standard-will-do-double-duty>.

⁷²⁵ Coon, "Driven to Distraction."

that were more compatible with smaller cars on the road. Working from these designs, Ford added a “Blocker Beam” under its SUVs to prevent the front end from rolling over cars. When used in crash tests between the Ford Excursion and Ford Taurus, the tests were less deadly; the results suggested that design plays a role in the danger posed by a car. Unfortunately, Ford could not recall SUVs without the “Blocker Beam” because installing it requires other changes to the car that need to happen in production.⁷²⁶ Had Ford considered vehicle compatibility from the start, many more lives could have been saved.

Despite auto manufacturers attempts to discourage discussion of vehicle incompatibility, environmentalists and public safety advocates loudly criticized SUVs on multiple fronts. After a Congressional hearing on SUV safety that addressed vehicle compatibility, the NHTSA needed to consider how to regulate vehicle compatibility without raising the ire of auto manufacturers dependent on SUVs.⁷²⁷ In 2003, the NHTSA turned that authority over to the Alliance of Automobile Manufacturers and the Insurance Institute for Highway Safety.⁷²⁸ Instead of NHTSA standards, the auto industry would determine what was needed for vehicle compatibility without any measure of compliance. The auto industry had until 2009 to create standards for all vehicles and to adopt new technologies to reduce deaths. However, without NHTSA requirements, “the voluntary program is a diversionary tactic to stave off meaningful federal regulation and standards that consumers can rely on.”⁷²⁹ Voluntary standards for safety have been ineffective at

⁷²⁶ Bradsher, *High and Mighty*.

⁷²⁷ *SUV Safety: Issues Relating to the Safety and Design of Sport Utility Vehicles Before the Committee on Commerce, Science, and Transportation, United States Senate*, 108th Cong. (2003), <https://www.govinfo.gov/content/pkg/CHRG-108shrg96510/html/CHRG-108shrg96510.htm>.

⁷²⁸ Christopher Jensen, “Deadline Nears for S.U.V. Crash Compliance,” *New York Times*, August 28, 2009, <https://wheels.blogs.nytimes.com/2009/08/28/deadline-nears-for-suv-crash-compliance/>.

⁷²⁹ Joan Claybrook, “Industry’s Admission of SUV Risks Is Long Overdue; Voluntary Safety Program Will Not Ensure Safety,” Public Citizen, December 3, 2003, <https://www.citizen.org/media/press-releases/industry%E2%80%99s-admission-suv-risks-long-overdue-voluntary-safety-program-will-not>.

promulgating safety technologies, but those standards are all that exist for vehicle compatibility. The NHTSA has continued to research vehicle compatibility in recent years, but no regulation is on the horizon.⁷³⁰

The third SUV safety issue that continues to plague SUVs is vehicle rollover. In the case of rollovers, the vehicle height, which customers consider a safety feature, makes the vehicle more likely to rollover than cars. Rollovers often result from the vehicle striking a curb or guardrail. Because of the vehicle's height, the SUV is more likely to strike the guardrail and flip over; in these accidents, SUVs often land on their roofs. If the roof is not strong enough, then the SUV will collapse, which can lead to severe neck and head injuries.⁷³¹ While rollovers made up only 1% of all accidents in 1990s, they were responsible for 10,000 deaths. Recent statistics show that rollovers are now 3% of all accidents and 30% of all deaths.⁷³² In addition to rollover deaths, some studies suggests that rollovers are responsible for most cases of paralysis following accidents.⁷³³ In the late 1990s and 2000s, rollovers became a particularly salient issue because of the Ford-Firestone scandal. The Firestone tires included on many Ford SUVs were likely to blowout and cause the vehicle to rollover. After a flurry of court cases across the nation, the Ford-Firestone tire problem made rollovers a national issue.⁷³⁴

An important component of SUV safety with rollovers is how strong the roof of vehicle is. The roof crush standard refers to how much of a vehicle's weight the roof can bear. Occupants are less likely to be injured if the roof can bear more than the weight of the vehicle.

⁷³⁰ NHTSA, "Vehicle Aggressivity and Fleet Compatibility Research," NHTSA, 2019, <https://www.nhtsa.gov/crashworthiness/vehicle-aggressivity-and-fleet-compatibility-research>.

⁷³¹ Bradsher, *High and Mighty*; Penenberg, *Tragic Indifference*.

⁷³² David Shepardson, "Car Rollover 101," *Consumer Reports*, April 2014, <https://www.consumerreports.org/cro/2012/02/rollover-101/index.htm>.

⁷³³ Bradsher, *High and Mighty*.

⁷³⁴ Adam L. Penenberg, *Tragic Indifference*.

Roof standards are another place where the regulatory difference between light trucks and cars has affected consumer safety. In 1973, the federal government instituted roof strength standards for cars, but there were no standards for light trucks until 1991. Unfortunately, the largest trucks and SUVs are exempt from roof strength requirements entirely because of their size. Thus, the largest SUVs are more likely to rollover and pose more danger when they roll. This is particularly problematic because SUVs have grown larger. Finally, while increasing roof strength would reduce future rollover fatalities, the roof strength of vehicles currently on the road cannot be increased. This means that old SUVs are still dangerous. Unfortunately, the average age of vehicles on the road is nearly 12 years old.⁷³⁵ Attending to safety issues before vehicles are produced is important because those safety issues can linger for over a decade.

Public Citizen actively argued SUVs were more dangerous and prone to rollover. The organization even attempted to organize SUV owners through www.betterSUV.org, a website that called for SUVs to ask for better safety and fuel efficiency.⁷³⁶ Meanwhile, Sport Utility Vehicle Owners of America, an industry front group, argued that the increase in rollover deaths was simply attributable to the number of SUVs on the road, not the design of SUVs.⁷³⁷ Despite industry attempts to counter public concerns, widespread public concern about rollover led Congress to pass two acts that authorized the NHTSA to act: the Transportation, Recall Enhancement, Accountability, and Documentation (TREAD) Act and Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU). With these

⁷³⁵ Jack Walsworth, "Average Age of Vehicles on Road Hits 11.6 Years," *Automotive News*, November 22, 2016, <https://www.autonews.com/article/20161122/RETAIL05/161129973/average-age-of-vehicles-on-road-hits-11-6-years>.

⁷³⁶ Laura MacCleery, "Detroit Can Do Better: SUV Owners Should Demand Safer, More Fuel-Efficient Vehicles," Public Citizen, July 18, 2003, <https://www.citizen.org/article/detroit-can-do-better-suv-owners-should-demand-sa>.

⁷³⁷ John Lyon, "Critics: SUV Boom Leads To More Deaths," Public Citizen, May 30, 2004, <https://www.citizen.org/article/critics-suv-boom-leads-more-deaths>.

acts, Congress attempted to hold the NHTSA accountable for the Ford-Firestone scandal and SUV rollover but also allowed the NHTSA to slow rulemaking.

After the national scandal over the recall of Firestone tires, the TREAD Act was passed in 2000. The Act tried to hold tire manufacturers accountable for recalls. Tire serial numbers were moved to the outside of the tire, so that consumers could more easily tell if their tires had been recalled.⁷³⁸ Because the faulty Firestone tires had caused Ford SUVs to rollover, TREAD also required the “develop[ment] of a dynamic rollover test for motor vehicles, to carry out a program of dynamic rollover tests, and to disseminate results to the public.”⁷³⁹ Thus, TREAD authorized NHTSA to develop rollover tests that consumers could consult when looking to purchase a vehicle. Congress was well-intentioned, but the implementation of TREAD was flawed as will be discussed shortly. In 2005, Congress passed SAFETEA-LU. SAFETEA-LU was a step back from TREAD. It slowed down the rulemaking process by extending the time for compliance. Critically, the Act also permitted the NHTSA to wait until 2009 to release new roof crush standards. Even when standards were released, the industry would have years to update their vehicles. Consequently, roof crush standards were not updated during the mid-2000s when SUVs were growing in popularity and SUV rollover deaths increased.

Congress allocated the NHTSA additional funds and staff to investigate rollovers and create a rollover test under the TREAD Act, but consistent with decades of delay, the NHTSA stalled in looking at rollovers and creating a test.⁷⁴⁰ The Center for Auto Safety, Public Citizen,

⁷³⁸ Mashaw and Harfst, “From Command and Control to Collaboration and Deference.”

⁷³⁹ Jeffrey Runge, “The Honorable Jeffrey W. Runge, M.D. Administrator National Highway Traffic Safety Administration Before The Subcommittee On Commerce, Trade, And Consumer Protection Committee On Energy And Commerce U. S. House Of Representatives,” NHTSA, February 28, 2002, <https://one.nhtsa.gov/nhtsa/announce/testimony/tread.html>.

⁷⁴⁰ Joan Claybrook et al., “Letter to Administrator Runge Re: Rollover Safety Standards,” Center for Auto Safety, May 24, 2004, <https://www.autosafety.org/letter-administrator-runge-re-rollover-safety-standards/>.

Consumers Union, and other consumer groups continued to pressure the NHTSA over the roof crush standard and the SUV rollover problem. In 2003, the NHTSA finally followed the TREAD directive to test rollover and issue new standards.⁷⁴¹ Yet, the tests developed by the NHTSA were flawed. In 2004, Joan Claybrook of Public Citizen testified that the NHTSA rating did not accurately assess rollover risk because the rating system is inflated. Most vehicles get at least two stars out of five, even when they tip-up in testing.⁷⁴² Although Congress attempted to hold the NHTSA accountable for testing that could help consumers make buying decisions, consumers may still be left confused about which vehicles are safest from rollover.

Due to the increasing deaths from SUV rollover and public pressure, in 2005, Congress ordered the NHTSA to upgrade the roof crush standard by 2008.⁷⁴³ By then, roof crush standards and tests had been delayed forty years.⁷⁴⁴ In response to proposed updates to roof strength, auto manufacturers lobbied the NHTSA for weaker roof standards; they argued that increased roof strength was not helpful, was too expensive, and would be impossible to update by 2010.⁷⁴⁵ The industry also advocated that roof crush be tested on either the driver's side or the passenger's side rather than both.⁷⁴⁶ The final NHTSA standards, which took effect in 2009, mandated that the roof had to bear three times the weight of the vehicle; this standard was not as high as consumer advocates wanted. Complicating the issue of SUVs and roof crush, the NHTSA set a

⁷⁴¹ Jeff Plungis, "New SUV Safety Rules Test Automakers," Center for Auto Safety, May 25, 2003, <https://www.autosafety.org/new-suv-safety-rules-test-automakers/>.

⁷⁴² Joan Claybrook, "Testimony of Joan Claybrook, President, Public Citizen, Former Administrator, National Highway Traffic Safety Administration before the Senate Committee on Competition, Foreign Commerce and Infrastructure June 3, 2004," Public Citizen, June 3, 2004, https://www.citizen.org/sites/default/files/tread_test_6-04.pdf.

⁷⁴³ Public Citizen, "SAFETEA: Safety for All Campaign," Public Citizen, 2005, <https://www.citizen.org/our-work/health-and-safety/safetea-safety-all-campaign>.

⁷⁴⁴ Bill Vlasic and Jeff Plungis, "Thousands Killed, Hurt as Auto Roofs Collapse," Center for Auto Safety, n.d., <https://www.autosafety.org/thousands-killed-hurt-auto-roofs-collapse/>.

⁷⁴⁵ David Shepardson, "Carmakers Stall Roof Rules," Center for Auto Safety, August 21, 2006, <https://www.autosafety.org/carmakers-stall-roof-rules/>.

⁷⁴⁶ Lemov, *Car Safety Wars*.

much lower standard of one and a half times the vehicle weight for vehicles that were over 6,000 pounds, so the largest SUVs and trucks were still dangerous. Finally, the NHTSA gave the auto industry years to update roofs. Some vehicles would be updated by 2012, but the full fleet would not be updated until 2017.

When the NHTSA finally updated roof crush standards in 2009, the industry had eight years to complete updates that were forty years behind schedule. This long lead-in period is characteristic of NHTSA regulations and its capitulation to the industry. In contrast to the NHTSA, the Insurance Institute for Highway Safety (IIHS) tests roof crush at four times the vehicle's weight. When IIHS did its SUV rollover tests in 2012, only four out of eight SUVs passed. This high failure rate suggested the NHTSA standards are not robust enough.⁷⁴⁷ While the auto industry was fighting federal regulations, manufacturers also argued for their preferred technological solution to SUV roll-over: electronic stability control (ESC). While roof standards were delayed, ESC went from a feature on Mercedes vehicles to a federal requirement in less than ten years. This discrepancy demonstrates that the auto industry can update vehicles quickly when it suits their needs. Likewise, despite the NHTSA's typical tactic of delaying rulemaking, ESC shows that the NHTSA can quickly create rules when it is beneficial to maintaining its relationship with the auto industry. Furthermore, ESC demonstrates another problem. Without federal requirements, safety features are relegated to optional extras for "high-end" customers.⁷⁴⁸ The disparity between how ESC and roof crush standards have been implemented shows the impact of auto industry lobbying and NHTSA stalling.

In addition to the roof crush standard, the NHTSA developed a roof crush and rollover test after TREAD. The federal roof crush test presses down on the vehicle with a metal plate to

⁷⁴⁷ Ibid.

⁷⁴⁸ Ibid.

see how much the roof dents in. Unfortunately, consumer advocates have argued that the federal test not accurately simulate roof crush in a rollover crash because it is not “dynamic.”⁷⁴⁹ Public Citizen suggested using the Jordan Rollover System (JRS).⁷⁵⁰ Unlike the NHTSA test, the JRS test uses conditions that are similar to real-world crashes. The NHTSA tests attempt to hold auto manufacturers accountable. However, the NHTSA has been captured, so consumers are not as protected as they could be.

The roof crush and rollover test should provide consumers with information about what vehicle is best to purchase. However, Joan Claybrook at Public Citizen has argued that the rollover test is inadequate because “The current rating system is based on a measure of the vehicle’s geometric rollover propensity, called the static stability factor, and the vehicle’s performance on the fishhook test, which measures ‘untripped’ rollover propensity. ‘Untripped’ rollover crashes represent only 5% of total rollover crashes.”⁷⁵¹ Similarly, Consumers’ Union has argued that the rollover test did not provide enough information for consumers to make a decision about vehicle safety.⁷⁵² Thus, the federal rating does not reflect the actual crashworthiness of a vehicle in a rollover crash. Furthermore, the rating is inflated and measured in stars, which can be hard for consumers to decipher.

Consumer Reports, the magazine published by Consumers’ Union, regularly tests vehicle safety and reports it to readers. Consumers’ Union has been active in calling out SUV safety

⁷⁴⁹ Shepardson, “Car Rollover 101.”

⁷⁵⁰ Public Citizen, “New Rollover Study Shows Federal Government’s Roof Strength Standard Will Not Protect Vehicle Occupants,” Public Citizen, September 9, 2008, <https://www.citizen.org/news/new-rollover-study-shows-federal-governmentsroof-strength-standard-will-not-protect-vehicle-occupants/>.

⁷⁵¹ Joan Claybrook, “Testimony of Joan Claybrook on Suggestions for Enhancements to the New Car Assessment Program (NCAP) at the NHTSA Public Meeting,” Public Citizen, March 7, 2007, <https://www.citizen.org/our-work/litigation/testimony-joan-claybrook-suggestions-enhancements-new-car-assessment>.

⁷⁵² Harry Stoffer, “Backer of Rollover Tests Disputes Results,” Center for Auto Safety, June 14, 2004, <https://www.autosafety.org/backer-rollover-tests-disputes-results/>.

issues and in calling for the NHTSA to update its roof crush standard, particularly for vehicles that weigh over 6,000 pounds.⁷⁵³ In addition to the problems with testing and standards discussed previously, the NHTSA has failed as a watch dog. According to *Consumer Reports*, in 2017 “the National Highway Traffic Safety Administration (NHTSA) launched 13 investigations. The high point was 204 investigations in 1989.”⁷⁵⁴ Investigations have declined for decades. This means that safety defects, like the GM ignition switch, go unnoticed for longer. Instead of being a watchdog, the NHTSA has moved to a closer, cooperative relationship with the companies it regulates. After problems with GM’s ignition switch were discovered, as I discuss shortly, GM entered a three-year agreement to work with NHTSA on safety that expired in 2017. Even if the agreement helped GM avoid safety problems, it was only a temporary solution after hundreds of deaths and injuries from the ignition switch defect.⁷⁵⁵

The NHTSA makes do with an auto safety budget of only \$134 million, despite over 34,000 deaths from auto accidents annually.⁷⁵⁶ Deprived of the power to do adequate testing and investigation, the NHTSA has failed to hold auto manufacturers accountable. Testing does not even include child safety restraints.⁷⁵⁷ Even more troublesome, NHTSA’s voluntary recalls are ineffective. As many as 30% of vehicles that are recalled are never brought in to be repaired, consumers may purchase used vehicles that have not been repaired by dealers before being sold.⁷⁵⁸ More used cars are sold than new cars, so cars with defects can be on the road for years

⁷⁵³ Gordan Hard, “NHTSA Declines to Revisit Roof-Crush Standard,” *Consumer Reports*, April 9, 2010, <https://www.consumerreports.org/cro/news/2010/04/nhtsa-declines-to-revisit-roof-crush-standard/index.htm>.

⁷⁵⁴ Jeff Plungis, “U.S. Auto-Safety Agency’s Defect Investigations at Historic Low,” *Consumer Reports*, June 29, 2018, <https://www.consumerreports.org/car-safety/us-auto-safety-agency-defect-investigations-at-historic-low-nhtsa/>.

⁷⁵⁵ Ibid.

⁷⁵⁶ Ralph Nader, “Ralph Nader: Safety in Name Only at NHTSA.”

⁷⁵⁷ Joan Claybrook, “Revamped Vehicle Rating Program Still Has Glaring Omissions,” Public Citizen, July 8, 2008, <https://www.citizen.org/media/press-releases/revamped-vehicle-rating-program-still-has-glaring-omissions>.

⁷⁵⁸ Michael R. Lemov, “Buying That New-Used Car: Congress Must Put Safety First,” Center for Auto Safety, January 20, 2017, <https://www.autosafety.org/buying-new-used-car-congress-must-put-safety-first/>.

without being repaired. Although SUVs are now much safer than they were in the 1990s, there are still no ratings for vehicle compatibility.

The NHTSA's Legacy: The GM Ignition Switch Scandal

The NHTSA has an early warning data system to notify the public about vehicle defects. However, this system does not function as intended. For example, had the NHTSA effectively used early warning data before the Firestone tire recall, the agency could have prevented hundreds of deaths. However, when deciding how to use early warning data, the NHTSA authorized the auto industry to limit the release of proprietary information.⁷⁵⁹ In a 2008 court case, Public Citizen argued that the NHTSA could not keep this data secret. Although Public Citizen won, the NHTSA still did not have to follow up on early warnings.⁷⁶⁰ As in other areas of regulation, the captured agency routinely stalled, so auto manufacturers produced vehicles with deadly problems for years or decades. GM experienced this first-hand when its ignition switch problem was discovered in 2014.

The GM ignition switch case demonstrates how NHTSA's captured status has allowed safety problems to fester and why voluntary recalls are an ineffective regulatory technique. In 2001, GM became aware of problems with the ignition switch in the Saturn Ion. The ignition would sometimes turn off while the car was on and cause the vehicle to stop. Although GM assumed their engineers fixed the problem, the issue re-emerged when testing the 2004 Chevy

⁷⁵⁹ Claybrook, "Testimony of Joan Claybrook, President, Public Citizen, Former Administrator, National Highway Traffic Safety Administration before the Senate Committee on Competition, Foreign Commerce and Infrastructure June 3, 2004."

⁷⁶⁰ Public Citizen, "Public Citizen v. Peters, Secretary of the Department of Transportation (Formerly: Public Citizen v. Norman Mineta, Secretary of the Department of Transportation)," Public Citizen, July 6, 2007.

Cobalt. GM declined to fix the ignition despite design fixes because of the cost.⁷⁶¹ By 2004, GM was aware that drivers had experienced the ignition switch problem, and that some had been injured or even died because of it. GM filed an early warning report with the NHTSA, and the agency followed up in 2004. GM and the NHTSA jointly determined that “stalling is not a *per se* safety-related defect.”⁷⁶² Thus, the NHTSA’s close relationship with the auto industry compromised its ability to investigate a known safety issue for years.

In 2007, the Center for Auto Safety (CAS), a non-profit organization, began its own investigation on the GM ignition switch problem. CAS concluded that the NHTSA should have issued a recall because of deaths from the ignition switch problem. Yet, the agency still declined to issue a recall.⁷⁶³ Seven years later, a *New York Times* investigation prompted GM to issue its own recall of the defective vehicles. Although GM initially estimated that the recall would be less than 1 million vehicles, the auto manufacturer ultimately recalled about 11 million vehicles. By the time of the recall, 174 people were known to have died as a result of the defect.⁷⁶⁴ NHTSA fined GM \$35 million, which was less than a comparable fine assessed to Toyota. GM could have solved the ignition problem in production over 10 years before when the Saturn Ion was in production but did not. Alternatively, the NHTSA could have issued a recall when they noticed the pattern of deaths in 2004.

⁷⁶¹ Tanya Basu, “Timeline: A History Of GM’s Ignition Switch Defect,” NPR, March 31, 2014, <https://www.npr.org/2014/03/31/297158876/timeline-a-history-of-gms-ignition-switch-defect>.

⁷⁶² Kathleen C. Demeter, “GM Memo,” Center for Auto Safety, October 19, 2004, https://www.autosafety.org/sites/default/files/imce_staff_uploads/04V-540%20Saab%20Part%20573.pdf.

⁷⁶³ Lemov, *Car Safety Wars*.

⁷⁶⁴ Center for Auto Safety, “GM Agrees to Settle 50 New Death Cases Related to Ignition Switch,” Center for Auto Safety, September 17, 2015, <https://www.autosafety.org/wp-content/uploads/import/Death%20Cases%20-%20PR.pdf>.

GM blamed company structure for its failure to properly assess the risks of the ignition switch defect. After the scandal, more than a dozen people were fired or disciplined.⁷⁶⁵ Although the ignition switch scandal demonstrates a problem with GM's company culture and the culture around safety technology at auto manufacturers, it also demonstrates problems with the NHTSA's investigations and recall practices. Without the budget or political will to investigate the early warning report, the NHTSA ignored the ignition switch scandal until it became a front-page issue at the *New York Times*. Further, GM, not the NHTSA, issued the recall. Because most consumers will not bring in their recalled cars, GM's voluntary recall means that consumers' lives are still in danger.⁷⁶⁶ A more proactive NHTSA with stronger standards could better protect consumers by making sure that safe vehicles are manufactured in the first place instead of relying on recalls.

I have provided the political context for GM's safetywashing campaigns. I have demonstrated how GM and the auto industry captured the NHTSA and prevented or stalled meaningful regulation. GM has also exploited safety through ads and PR. Safety was a minor theme in some TV ads, mostly for minivans and cars.⁷⁶⁷ However, safety also played a role in the appeal of the SUV.⁷⁶⁸ The contradiction between GM's use of safety themes in advertising and PR while lobbying the industry impacts consumer safety. Consumers who believed large, high SUVs in truck chassis were safe bought vehicles that were more likely to rollover. As a result, GM's quest for profitability threatened consumer safety.

⁷⁶⁵ Lemov, *Car Safety Wars*.

⁷⁶⁶ Ibid.

⁷⁶⁷ Susan A. Ferguson, Andrew P. Hardy, and Allan F. Williams, "Content Analysis of Television Advertising for Cars and Minivans: 1983-1998," *Accident Analysis & Prevention* 35, no. 6 (n.d.): 825-31.

⁷⁶⁸ Bradsher, *High and Mighty*.

Safetywashing

Although the auto industry fought federal safety regulations, safety became a key area of PR for GM. This section first describes three CSR tactics GM used: child safety, promoting air bags, and partnership with Mothers Against Drunk Driving (MADD). In all efforts, GM emphasized that safety was a driver behavior issue, not something that could be legislated through technology. The child safety efforts and partnership with MADD enabled GM to work alongside community organizations in communities to build relationships. GM's promotion of air bags occurred as the NHTSA was finalizing much-needed air bag rules. Thus, the automaker's changes served as an argument that the market could handle safety, even though GM had stalled on air bags for decades.

Child Safety

The first area on which GM safetywashed its products was child safety. GM had two main programs dealing with child safety: educating consumers on the correct installation of child safety seats and trunk safety. Child safety seats are difficult to install and are often installed incorrectly, which contributes to deaths and injury. To help mitigate those issues, GM is a sponsor of the National Safe Kids Campaign, now Safe Kids Worldwide.⁷⁶⁹ Through the GM Foundation, GM supports the Safe Kids Buckle Up Program.⁷⁷⁰ The program provides a variety of services, but GM emphasized the Check Up events where members of the public were trained on how to install children's car seats correctly.⁷⁷¹ The Check Ups were administered through

⁷⁶⁹ Safe Kids Worldwide, "Our History," Safe Kids Worldwide, 2019, <https://www.safekids.org/our-history>.

⁷⁷⁰ Safe Kids Worldwide, "Buckle Up," Safe Kids Worldwide, 2019, <https://www.safekids.org/buckle>.

⁷⁷¹ General Motors, "GM's SAFE KIDS Buckle Up Program Gets Impressive Results Following the Nationwide Launch of 51 Mobile Car Seat Check Up Minivans," June 12, 2000, GM Media Archive, General Collection, GM Heritage Center, General Motors.

local coalitions, often with ties to GM dealers. Some dealers were even presented with awards for their involvement in the program.⁷⁷² As with many of GM's CSR efforts, the Check Ups were localized to GM communities and strengthened the relationship between GM and its company towns.

The National Safe Kids Campaign succeeded at teaching parents how to install safety seats; some of the Check Ups focused on parents from disadvantaged backgrounds.⁷⁷³ GM's work on child safety demonstrates how corporate social responsibility can benefit the public, but also serve other purposes. By sponsoring the campaign, GM has done measurable good. However, at the same time, GM has campaigned against safety technology, such as air bags and roof crush standards, that would also save lives. By focusing on parental behavior, GM also draws accountability for crashes away from the corporation and vehicle design.

By 2000, GM reported that over four years "more than 82,000 car seats have been checked and 2,000 dealers have participated."⁷⁷⁴ By tying in GM dealers, dealers earned even more credibility in their communities where they often serve as sponsors to local events, enriching the ties between GM and the local communities. This also served a political purpose by enriching the relationship between GM and its dealers who are important lobbying allies for GM in Washington, D.C., as I describe both in the next chapter and chapter 7. The UAW, another important lobbying ally, also partnered with the program.

⁷⁷² General Motors, "General Motors and National Safe Kids Campaign Present 1999 Buckle Up Award," January 18, 2000, GM Media Archive, General Collection, GM Heritage Center, General Motors; General Motors, "GM Dealer Wins Maryland Safe Kids 'Champion for Safety' Award for 1999," January 18, 2000, GM Media Archive, General Collection, GM Heritage Center, General Motors.

⁷⁷³ A. Pike-Paris, "National SAFE KIDS Campaign Releases 10-Year Report," *Pediatric Nursing* 25, no. 3 (1999): 328–30.

⁷⁷⁴ General Motors, "GM's SAFE KIDS Buckle Up Program Gets Impressive Results."

As part of their campaign, GM partnered with the National Association for the Advancement of Colored People (NAACP) and the National Council of La Raza (La Raza) beginning in 2000.⁷⁷⁵ As part of America's Promise, the UAW also supported the \$5 million, three-year program to reach out to communities of color about safety with children's car seats.⁷⁷⁶ GM used this program as an opportunity to highlight diversity initiatives. GM's partnerships with the NAACP and La Raza were well-received in local media, such as the *Los Angeles Times* and the *Chicago Tribune*.

The *Los Angeles Times* portrayed GM, Ford, and Chrysler as partners in child safety, boosting the status of the auto industry. Despite GM's claim to be the first to foray into child safety, the *Los Angeles Times* positioned Chrysler as the first to offer child safety seat installation sessions and GM as "not about to be left behind."⁷⁷⁷ All three U.S. auto manufacturers were involved in efforts to raise awareness about child safety to counteract the narrative that auto manufacturers do not care about safety. This is the essence and goal of safetywashing. The NHTSA was not mentioned except when the author noted that the Department of Transportation had not yet released regulations for the strength of front seats. Front seats can endanger children in accidents, even if they are in car seats.⁷⁷⁸ While news coverage portrayed auto manufacturers as taking steps to ensure child safety, the government was shown to be incompetent. This

⁷⁷⁵ General Motors, "General Motors Partners with Los Angeles Agencies to Distribute Child Safety Seats," April 14, 2000, GM Media Archive, General Collection, GM Heritage Center, General Motors; General Motors, "Alivio, El Hogar, National Center for Latinos with Disabilities, General Motors, and National Safe Kids Campaign Partner to Distribute Child Safety Seats to Chicago Families," March 8, 2000, GM Media Archive, General Collection, GM Heritage Center, General Motors.

⁷⁷⁶ General Motors, "GM's SAFE KIDS Buckle Up Program Gets Impressive Results."

⁷⁷⁷ Ricardo Alonso-Zaldivar, "Kids' Auto Safety Gets a Boost From the 'Big 3,'" *Los Angeles Times*, June 6, 2000, <http://articles.latimes.com/2000/jun/06/news/cl-37792>.

⁷⁷⁸ Ibid.

narrative supported auto manufacturers' claims that safety is better administered by the market than by government regulation.

GM's child safety program received less coverage in Chicago.⁷⁷⁹ However, GM's partnership with La Raza was the lead in an article about the auto industry in the *Chicago Tribune*.⁷⁸⁰ Both the *Chicago Tribune* and the *Los Angeles Times* emphasized child safety as a point of pride for U.S. auto manufacturers. If U.S. auto manufacturers were behind on fuel economy, they were ahead on safety. The *Tribune* even noted that that "the National Transportation Safety Board criticized six automakers Monday for failing to establish programs to make sure children are properly secured in car safety seats."⁷⁸¹ Safety became a marketable area for the auto manufacturers as long as it was on their terms. Auto manufacturers still resisted regulations by the NHTSA and preferred marketability over safety in product development.

GM also emphasized child safety related to other aspects of vehicle safety. In April 2000, GM announced that the company had launched a webpage about trunk safety in conjunction with the National Safe Kids campaign. Because trunks lacked trunk releases, some children had been trapped in trunks and died. In response, GM created a "retrofit kit available for most GM cars dating back to 1990."⁷⁸² The kit was designed to make trunks safer for children by enabling them to escape by pulling an internal trunk release. GM's press release about the trunk kits placed the company ahead of the curve. GM claimed to be a leader in trunk safety. However, the company only acted after there were 11 deaths in GM trunks in 1998. More deaths were reported in GM trunks in the years following, including in 2009 and 2011.

⁷⁷⁹ Tribune News Services, "Safety Board Chiefs Prod Makers of Foreign Cars on Seats for Kids," *Chicago Tribune*, March 14, 2000.

⁷⁸⁰ Jim Mateja, "GM Plans Trunk Kit; Ford Quiets BMW Rumor," *Chicago Tribune*, February 11, 1999.

⁷⁸¹ Tribune News Services, "Safety Board Chiefs Prod Makers of Foreign Cars on Seats for Kids," 5.

⁷⁸² General Motors, "GM and National SAFE KIDS Campaign Promote Trunk Safety Online," April 17, 2001, GM Media Archive, General Collection, GM Heritage Center, General Motors.

In the *New York Times*, KidsAndCars.org noted that GM had “pledged previously to take a leadership position on the issue.”⁷⁸³ Despite the deaths, GM never issued a recall or mandated that the trunks be retrofitted. GM could have mandated retrofits to the trunks, or the NHTSA could have issued a notice for recall. In 2002, the NHTSA ruled that internal trunk releases must glow-in-the-dark. However, the agency did not issue a recall. This demonstrates some of the problems with the current regulatory model. Instead of a recall, GM charged \$50 for the updated trunk releases. Unfortunately, the cost and lack of awareness of the update kits could discourage people from updating their cars. Trunk safety was a design flaw, not a driver behavior problem. However, GM’s PR did not effectively deal with the design changes. GM focused on press releases that minimally addressed the issue, instead of a more costly recall.

Air Bags

The second issue on which GM safetywashed was the use of air bags. Air bags are “passive restraints” that protect vehicle occupants without the occupants having to do anything, unlike seatbelts that require action on the part of the passengers. Air bags were originally patented in 1952, but industry lobbying delayed the production of air bags for decades. In 1974, GM produced Oldsmobiles with air bags. However, shortly after, the auto industry determined that air bags were not ready for production and stalled on the issue. The NHTSA rulemaking process has been effectively hobbled by automakers. The industry resisted government regulation requiring air bags until 1991, and air bags were not fully implemented until 1998.⁷⁸⁴ The combined pressure of consumer groups and the insurance industry finally led to air bag

⁷⁸³ Paul Stenquist, “After Child Deaths, KidsAndCars.Org Renews Challenge to G.M.,” *New York Times*, June 22, 2011, <https://wheels.blogs.nytimes.com/2011/06/22/after-child-deaths-kidsandcars-org-renews-challenge-to-g-m/?hpw>.

⁷⁸⁴ Lemov, *Car Safety Wars*.

requirements. Much like increases in fuel efficiency standards, auto manufacturers fought the imposition of standards but lauded the technology as life saving once implemented. By safetywashing their anti-safety lobbying, the auto industry appears to be an advocate of consumer safety, while maintaining an army of lawyers and lobbyists to prevent accountability.

GM's promotion of its air bags in 1990, while still lobbying against federal air bag regulation, demonstrates how the industry used safetywashing to avoid accountability. In August 1990, a GM press release announced that it would "triple the number of its cars equipped with driver-side air bags."⁷⁸⁵ The release noted "GM has sold about 450,000 cars equipped with driver-side air bags, offered as standard equipment on 13 car lines and as an option on two."⁷⁸⁶ Further, all GM vehicles would feature airbags by 1995. This sentiment was reiterated in a speech by Robert A. Rogers, Director of Safety at GM, at the Annual International Extrication Competition and Learning Symposium where GM indicated its willingness to work with first responders on how the airbag might affect rescues. The venue became a PR opportunity for GM to both present its progress on safety and demonstrate that it was willing to improve further.⁷⁸⁷ Despite concerns about the overregulation, GM was certainly willing to use regulation to generate a competitive advantage, even while lobbying against it. GM's self-promotion of its use of air bags portrayed the auto manufacturer as at the forefront of technological breakthroughs, functioning as a form of safetywashing that masked GM's lobbying agenda.

Consumers who had seen GM's 1990 release on air bags or bought vehicles with air bags might have been surprised to hear what else GM had to say about air bags. In 1991, as Congress

⁷⁸⁵ General Motors, "Air Bag Release," August 27, 1990, General Motors Press Releases January - December 1990 (Binder). General Collection, GM Heritage Center, General Motors.

⁷⁸⁶ Ibid.

⁷⁸⁷ General Motors, "Highway Safety Speech Robert A. Rogers, Dir. of Safety 'GM Plans to Offer ABS on All of Our Cars by 1994,'" November 1, 1990, General Motors Press Releases January - December 1990 (Binder). General Collection, GM Heritage Center, General Motors.

was considering an air bag law, Lloyd E. Reuss, the President of GM, spoke at the Society of Automotive Engineers annual meeting. He described GM's approach to both safety and fuel economy: "We've got to ask ourselves what will happen if the U.S. auto industry, in trying to respond to government's voice, winds up sacrificing quality and productivity improvements, and, as a result, has to turn a deaf ear to the marketplace voice."⁷⁸⁸ Reuss emphasized that air bags were only an additional measure to seat belts, in contrast to their press release less than a year earlier extolling the virtues of the air bag. Rather than focusing on air bags, he argued that GM should be focused on getting people to change their behavior by buckling up. This perspective again emphasized safety as dependent on driver behavior, not design. Reuss also made the oft-repeated claim that larger cars are safer, a selling point of SUVs and an issue in the fuel economy debate as I discuss in the next chapter. Reuss' address exhibits GM's use of PR to hide its true intentions; flaunting air bags to the public, while lambasting attempts at accountability in private.

GM's approach to safety emphasized that individual behavior, not design or technology, was to blame for accidents.⁷⁸⁹ GM only emphasized safety technology when it would be useful for marketing purposes as in the case of air bags. By emphasizing driver behavior, GM absolved itself of accountability for crashes because they could not control drivers, only design. In a release outlining GM's strategy for safety, GM described its "three-pronged approach to safety" that included crash avoidance, driver behavior, and crash protection. Even though driver behavior was one category, GM emphasized driver behavior in both the crash avoidance and crash protection categories. Crash avoidance included braking and swerving, even though the

⁷⁸⁸ General Motors, "LER/SAE Gov't-Industry Meeting," May 15, 1991, General Motors Press Releases January - December 1991 (Binder). General Collection, GM Heritage Center, General Motors.

⁷⁸⁹ General Motors, "Highway Safety Speech Robert A. Rogers, Dir. of Safety 'GM Plans to Offer ABS on All of Our Cars by 1994'" (General Motors, November 1, 1990), General Motors Press Releases January - December 1990 (Binder). General Collection, GM Heritage Center, General Motors.

ability to do either was constrained by vehicle design. Crash protection included drivers' choice to wear seatbelts. Thus, no matter how many prongs there were, all prongs were ultimately related to driver choice.⁷⁹⁰ GM resisted design changes mandated by the government while focusing on driver behavior rather than technological change. This strategy de-emphasized the role of design in crashes and reinforced the company's legal arguments that design was not at fault for deaths.

MADD

GM's emphasis on individual behavior as a factor in crashes made GM a natural partner of Mothers Against Drunk Driving (MADD). MADD, which also had support from auto manufacturers like Ford and Chrysler, happily accepted GM's partnership despite disagreements over air bags.⁷⁹¹ The MADD-GM partnership also involved employee volunteerism. Employees were encouraged to "Tie One On For Safety" by attaching red ribbons in honor of MADD to their vehicles. Up to 9,000 GM employees were expected to participate.⁷⁹² GM teamed up with MADD from 2000 to 2005 with a five-year sponsorship worth \$2.5 million.⁷⁹³ The donation supported the creation of a diversity officer and other programs, synchronizing with GM's previous emphasis on diversity in its car seat program. The "Tie One On For Safety" campaign functioned like a CRM campaign by encouraging customers to pick up red ribbons for their vehicles at GM dealers. The campaign promised "For the first 2,500 ribbons picked up, GM and

⁷⁹⁰ General Motors, "Media Safety Briefing, Proving Grounds," July 9, 1991, General Motors Press Releases January - December 1991 (Binder). General Collection, GM Heritage Center, General Motors.

⁷⁹¹ Lemov, *Car Safety Wars*.

⁷⁹² General Motors, "Tie-One-On Campaign," December 7, 1990, General Motors Press Releases January - December 1990 (Binder). General Collection, GM Heritage Center, General Motors.

⁷⁹³ Laura Clark Geist, "GM Joins MADD Campaign to Keep Drunks Off the Road," *Automotive News* 74, no. 5858 (January 24, 2000): AM20.

GMAC will donate \$5 per ribbon to MADD” in various states, such as Indiana and Minnesota.⁷⁹⁴

GM spent \$101,000 advertising the campaign, an amount that was considerably more than the \$12,500 donated to state MADD affiliates. This discrepancy is consistent with other CRM campaigns, which generally emphasize advertising over impact.

There was little media coverage of GM’s campaign with MADD. One exception was the magazine *AutoWeek* that praised GM by stating, “nobody has done more to help MADD decrease drunk-driving deaths in this country than GM.”⁷⁹⁵ However, not everyone felt “gratitude” toward GM. GM’s campaign elicited a response from the American Beverage Institute (ABI), a restaurant trade association. The ABI launched a direct mail campaign that urged members to boycott GM products or let GM know that they should not support MADD because people would end up getting arrested simply for drinking. Likewise, American Beverage Licensees (ABL) started “MADD at GM” to encourage its members to let GM know that it should not associate with MADD, an organization that ABL described as “radicalized.”⁷⁹⁶ If this counter campaign impacted sales, GM did not notice it. The GM Foundation is still a MADD supporter.⁷⁹⁷ GM’s PR made clear the driver error was a primary factor in automobile safety as far as GM was concerned. GM walked a careful line of praising safety innovations, while also reiterating that regulation was burdensome on the industry and that individual choice still mattered. Even when GM is engaging in CSR, it is reaffirming the industry narrative that individual choice and freedom are of more importance than social costs.

⁷⁹⁴ General Motors, “GM, GMAC, and MADD Team-up to Keep Roadways Safe during Holiday Season: Indianapolis,” November 21, 2000, GM Media Archive, General Collection, GM Heritage Center, General Motors; General Motors, “GM, GMAC, and MADD Team-up to Keep Roadways Safe during Holiday Season: Minneapolis,” November 21, 2000, GM Media Archive, General Collection, GM Heritage Center, General Motors.

⁷⁹⁵ Mandel Dutch, “Drunk with Stupidity,” *AutoWeek*, March 28, 2005.

⁷⁹⁶ Harry Stoffer, “Group Campaigns against GM, MADD Ties,” *Automotive News* 79, no. 6134 (February 14, 2005).

⁷⁹⁷ MADD, “MADD Partners,” MADD, 2019, <https://www.madd.org/about-us/partners/>.

Conclusion

In this chapter, I demonstrated how GM used safetywashing to position itself as an advocate for safety, while lobbying the NHTSA and producing SUVs. I showed how the NHTSA is a “captured” agency that has acquiesced to the industry on many issues. The auto industry has continued to resist safety regulations and favored self-regulations that have a lower level of accountability. The NHTSA even relies on the auto industry to institute their own voluntary recalls. GM has lobbied the NHTSA while simultaneously using safetywashing to promote itself as a company concerned with consumer safety. GM’s safetywashing campaigns have focused on issues of driver behavior, such as learning to properly restrain a child or not drinking and driving. Their focus on driver behavior reinforces GM’s lobbying strategy by emphasizing that design is less important than choice. The exception to this was GM’s promotion of air bags, a technology that the automaker delayed thirty years.

In chapter 4, I showed how GM’s ads sold SUVs by using financial promotions that were misleading. Consumers who entered dealerships likely did not qualify for those promotions and may have ended up with a bad loan. This chapter showed how GM used misleading and dangerous PR to hide its true policy intentions. GM’s PR impacts consumer safety because consumers may not understand how to properly evaluate vehicle safety and regulators may miss safety issues. GM successfully sold SUVs during this period, despite the widespread criticism. Confusion about SUV safety has persisted because the commercial media system is flawed in its coverage of the industry, as will be discussed in detail in chapter 7. As I mentioned in the previous chapter, Detroit reporters were unlikely to cover the SUV safety issue. Polling data

indicated that SUV drivers and non-drivers evaluated safety differently.⁷⁹⁸ Yet, safety was not the only issue GM faced in the 1990s and 2000s. Due to concerns about climate change, Congress suggested raising requirements for Corporate Average Fuel Economy (CAFE). GM approached CAFE the same way that it did SUV safety issues. In the next chapter, I discuss how GM was able to change the terms of the CAFE debate through greenwashing.

⁷⁹⁸ Wogalter, Conzola, and Shaver, “Perceptions of Sport-Utility Vehicle (SUV) Safety by SUV Drivers and Non-Drivers.”

CHAPTER 6: GREENWASHING SUVs AND ANTI-CAFE LOBBYING

Introduction

While GM promoted its SUVs as safe, affordable vehicles, it also fought regulations aimed at making SUVs and other vehicles more fuel efficient. This chapter serves as a companion chapter to the previous chapter. After Ralph Nader's success in the 1960 and 1970s, GM was forced to address auto safety and environmental regulations through PR and lobbying. In the decades since the NHTSA's founding, GM and the auto industry "captured" the NHTSA. The captured agency has delayed rules on both auto safety and fuel economy. In this chapter, I argue that GM used "greenwashing" PR to distract from lobbying against Corporate Average Fuel Economy (CAFE) regulations and promoting trucks and SUVs. GM and GMAC implemented CSR programs at the local level that were covered by local press; that coverage strengthened GM's relationship with citizens in factory towns. Yet, these communities were often deprived of tax dollars by GM because of tax abatements and tax-deductible CSR programs; furthermore, CSR programs could not fully replicate lost social services. GM's greenwashing and CSR has had a negative impact on fuel economy standards and the communities in which GM operates. Through lobbying and PR, GM reshaped the debate around CAFE. Today, GM's legacy still impacts the debate over fuel economy standards continues.

In this chapter, I first give background information on greenwashing and some key tactics that GM used. Then, I describe how GM lobbied against CAFE standards to contextualize GM's greenwashing activities. I then describe GM's greenwashing PR. I describe educational CSR programs targeted at universities and misleading PR about GM's electric car, the EV1. Finally, I describe how GM partnered with Habitat for Humanity in GM communities while receiving tax breaks in those communities.

Background on Greenwashing

As I described in chapter 3, the political realities of neoliberalism led to increases in spending on both CSR programs and corporate lobbying. This chapter expands that discussion by contrasting GM's anti-CAFE lobbying with its corporate CSR. GM was a leader in greenwashing wherein corporations attempt to portray themselves or their products as environmentally friendly while misleading the public about their environmental impact.⁷⁹⁹ The Big 3 collaborated with the government on vehicle research that functioned as greenwashing. They also collaborated on lobbying against CAFE. This section briefly reviews some concepts related to greenwashing as a context for this chapter.

As I described in chapter 3, GM regularly reported on CSR beginning in the 1970s.⁸⁰⁰ After the creation of the NHTSA, auto safety and the environmental regulations became key areas of focus for GM's PR. In nearly all the annual reports across two decades, GM reported on environmental issues, such as air pollution and alternative fuel sources.⁸⁰¹ Consistent with my criticism of CSR in the previous chapter, GM simultaneously advocated for environmental issues while pursuing contradictory policy goals, such as lobbying against regulations that would limit air pollution.⁸⁰² Corporate efforts to prevent accountability in environmental regulations routinely contradicted GM's CSR. Over the decades, GM stalled CAFE regulations and exploited the light truck loophole to produce SUVs without being penalized under CAFE. GM's

⁷⁹⁹ Andrew Rowell, *Green Backlash: Global Subversion of the Environmental Movement* (London: Routledge, 1996).

⁸⁰⁰ The reports were unfortunately not filed with the annual reviews, except for a GM Philanthropic Report for 1994; Social responsibility reporting was also included in GM Annual Reports for 1999 and 2000 but was not consistent across annual reports.

⁸⁰¹ Thomas G. Marx, "Corporate Social Performance Reporting," *Public Relations Quarterly* 37, no. 4 (Winter /1993 1992): 38–44; David Malone and Robin W. Roberts, "An Analysis of Public Interest Reporting: The Case of General Motors in South Africa," *Business & Professional Ethics Journal* 13, no. 3 (Fall 1994): 71–92.

⁸⁰² Niemark, *The Hidden Dimensions of Annual Reports*; Malone and Roberts, "An Analysis of Public Interest Reporting."

CSR was part of a larger corporate promotional communication strategy geared toward avoiding regulation and promoting SUV production.

As described in the previous chapter, the “Communications and Marketing” staff at GM worked on GM’s PR, advertising, and communication programs to synchronize their goals. CSR programs typically fall under the purview of PR departments because they are strategic, but they are also frequently used for advertising purposes. Greenwashing refers to using PR, advertising, and other corporate communication to make the company appear to be environmentally conscious.⁸⁰³ Scholars have attested that an ad can be identified as greenwashing when is misleading or deceptive. For example, auto companies have engaged in greenwashing by claiming that “cars with catalytic converters ... actually clean the atmosphere.”⁸⁰⁴ This is not factually accurate but misleads consumers into purchasing cars that they believe to be environmentally friendly. Greenwashed PR and advertising are often contradicted by other corporate behaviors, such as lobbying.

Greenwashing is frequently tied to CSR programs. Coke and Pepsi have promoted water conservation while using local sources of water and depriving communities of clean water.⁸⁰⁵ The public might believe that Coke’s and Pepsi’s involvement in water conservation means that their consumption of those beverages does not negatively impact water use worldwide, even though it does. CSR programs may even be product-focused, such as GE’s “Ecomagination” products. These products may be slightly be “greener” than others, but they still contribute to pollution and unsustainable practices. Similarly, GM engaged in green marketing of its SUVs

⁸⁰³ Robert Cox, “Chapter 10: Green Marketing and Corporate Campaigns,” in *Environmental Communication and the Public Sphere*, Third Edition (Los Angeles: Sage, 2013), 283–313.

⁸⁰⁴ Rowell, *Green Backlash*, 101.

⁸⁰⁵ Elliot Schreiber, “Shared Values — A More Sustainable Approach to CSR,” PRSay (blog), September 7, 2011, <http://prsay.prsa.org/2011/09/07/pr-role-in-shared-values-csr/>.

and trucks, often associating them with the environment, as I described in chapter 4. In one such ad, GM displayed a truck among the California Redwoods and advertised a corporate donation to the Nature Conservancy. The ad argued that one could buy a truck and be environmentally conscious, despite the impact of trucks on the environment.⁸⁰⁶ These programs are examples of greenwashing.⁸⁰⁷

As I described in the previous chapter, GM used strategic philanthropy, CSR, and other charitable programs as safetywashing to protect the auto industry from criticism. In this chapter, I discuss how GM also engaged in greenwashing by spending millions supporting education, particularly at universities. Beginning in the 1970s, GM invested in universities, focusing on business and engineering schools.⁸⁰⁸ Through these contributions, GM supported the future of the automotive engineering field and shaped the development of new technology in corporate interest. Some of GM's contributions went toward engineering competitions to create greener vehicles. Yet, these technologies were often over-stated or far from implementation, so the technologies were more PR than reality.

This dissertation has documented two parallel trends in the auto industry: SUVs and financing. As described in chapter 4, GM's use of financial promotions was tied to its dependency on SUVs. The high return for SUVs meant that GM could still make money when financial promotions were used.⁸⁰⁹ Beyond SUVs, GM increased its profitability using GMAC's mortgage industry operations. Through employee volunteerism efforts with Habitat for Humanity (Habitat), GM sought to bring GMAC into the auto manufacturing family. The Habitat partnership was a case of strategic philanthropy because it allowed GMAC to make loans to

⁸⁰⁶ Cox, "Chapter 10: Green Marketing and Corporate Campaigns."

⁸⁰⁷ Rowell, *Green Backlash*.

⁸⁰⁸ Koten, "The Strategic Uses of Corporate Philanthropy."

⁸⁰⁹ Bradsher, *High and Mighty*.

Habitat chapters. Additionally, as with many CSR efforts, GM focused its Habitat for Humanity efforts on GM communities, such as Pontiac, Michigan. In this way, GM sought to use its CSR programs to improve the corporation's relationship with the local community.⁸¹⁰ Habitat home builds even garnered local press coverage, as I discuss below. Despite the positive press coverage, the Habitat project also reveals the downside of CSR when placed in the context of GM's betrayal of communities through factory closures and tax abatements.

Methods

Like the previous chapter, this chapter uses the press releases archived at the GM Heritage Center as a primary source of evidence. These press releases provide insight into the scope of the greenwashing campaigns and the narrative that GM hoped to present in its PR. Many historical studies of PR use press releases as a source of information because they are a basic component of campaigns.⁸¹¹ Press releases continue to be important as a source of information for news media today.⁸¹² As I described in the previous chapter, I collected 1753 press releases from GM and GMAC spanning from January 2, 1990, to October 22, 2009, when the "New GM" was founded.⁸¹³ The paper releases were largely comprehensive. However, I sifted through the digital releases to collect releases pertaining to CSR. There were about 215 CSR releases in the sample, most of which concerned safety and the environment.

⁸¹⁰ Koten, "The Strategic Uses of Corporate Philanthropy."

⁸¹¹ Hallahan, "Ivy Lee and the Rockefellers' Response to the 1913-1914 Colorado Coal Strike;" Strauss, "From the Last Frontier to the New Cosmopolitan."

⁸¹² McChesney, *Digital Disconnect*; Bob Burton, "Unmasking Public Relations."

⁸¹³ I also recorded the names of 158 releases that were recorded in the paper indexes for 1990-2003, but for which full copies of the release were not available. I also have a comprehensive list of titles of all online releases, but they were not recorded as part of this project because of the different method for cataloging the paper and digital releases. I compiled the index for the online releases for future reference.

To supplement this data, I use secondary sources, such as mainstream news and trade press coverage. I also consulted local news sources that covered CSR pseudo-events. These secondary sources give insight on how GM's PR was received and how it was publicized. As with the previous chapter, I also used secondary literature to investigate the context and explore GM's anti-CAFE lobbying. The secondary literature showed that GM promoted itself as pursuing green technology but did not want to be held accountable under CAFE. By placing CSR in its political context, I demonstrate how CSR served as greenwashing to benefit the corporation.⁸¹⁴

Anti-CAFE Lobbying

CAFE regulations were first implemented in 1975. The standards require automakers to meet fuel efficiency requirements across all vehicles sold. If an auto manufacturer sells more small cars, it is easier to meet the standards.⁸¹⁵ However, CAFE standards also contained an exemption for light trucks, which were primarily used for business purposes when the regulations passed. Auto manufacturers abused the exemption to sell SUVs, so they skirted the rules. Environmentalists argued that the truck loophole undid the benefits of CAFE; auto manufacturers took this criticism as an attack against SUVs. This became a particular point of contention in the 1990s because SUVs and light trucks made up a large percentage of the Big 3's sales and were key to their economic recovery in the mid-1990s.⁸¹⁶

Automakers have typically emphasized two arguments when fighting CAFE: consumer choice and the impact of fuel standards on U.S. auto manufacturers. First, auto manufacturers

⁸¹⁴ Jacquie L'Etang, Jairo Lugo-Ocando, and Zeti Azreen Ahmad, "Ethics: Corporate Social Responsibility, Power and Strategic Communication," in *Handbook of Communication and Corporate Social Responsibility*, ed. Øyvind Ihlen, Jennifer L. Bartlett, and Steve May (West Sussex, UK: Wiley-Blackwell, 2011), 170–87.

⁸¹⁵ Stan Luger, *Corporate Power, American Democracy, and the Automobile Industry* (Cambridge, UK: Cambridge University Press, 2000).

⁸¹⁶ Ibid.

have emphasized that CAFE standards prevent consumers from choosing the vehicles they want to drive by forcing them to drive more fuel-efficient vehicles. The implication is that fuel efficient vehicles are small sedans, in contrast to the large SUVs that many consumers prefer. This argument expanded with implications for consumer safety. Auto manufacturers alleged that small, fuel efficient cars were not as safe as SUVs. A General Motors Public Interest Report described how “customers’ preferences have shifted to larger, family-size vehicles and better-performing engines.”⁸¹⁷ What is left out is that GM and other auto manufacturers have spent billions of dollars marketing those vehicles and driving up demand for SUVs. Second, GM has emphasized that fuel economy means lost income and layoffs because U.S. auto manufacturers mostly manufacture SUVs and trucks that are negatively affected by CAFE standards.⁸¹⁸ Automakers worked for decades to fight CAFE using lobbying, front groups, and collaboration with the UAW to stall CAFE regulations.

The U.S. auto industry used direct and indirect lobbying as part of its “obstructionist” opposition to CAFE.⁸¹⁹ The industry used direct lobbying, a term that describes how corporations and others persuade members of Congress through personal communication, such as meetings on Capitol Hill. This kind of lobbying is tracked by federal reports. However, GM also engaged in indirect lobbying using its front groups, PR, and the GM Foundation. Through indirect lobbying, GM sought to change the opinions of the public and opinion leaders, like politicians, in ways that are not counted by federal reports, such as issue ads and PR events. As I described in the previous chapter, the GM Foundation also donated to the Heritage Foundation and the American Enterprise Institute (AEI). The foundation used money ostensibly meant for

⁸¹⁷ General Motors, *General Motors Public Interest Report* (Detroit, MI: General Motors, 1989), 24

⁸¹⁸ *Ibid.*, 24.

⁸¹⁹ Daniel Sperling and Deborah Gordon, *Two Billion Cars: Driving Toward Sustainability* (Oxford: Oxford University Press, 2009), 49.

philanthropy for public interest lobbying. Heritage and AEI served as powerful allies during the CAFE debate.

GM was actively involved in a variety of corporate lobbying groups, including the Business Roundtable and the American Legislative Exchange Council (ALEC). The Business Roundtable was formed in 1972 by the merger of two other industry groups as described earlier in this dissertation. According to historian Benjamin C. Waterhouse, “it emerged in direct response to business’s crisis of confidence and quickly became a powerful symbol of business leaders’ desire to shape politics as well as an expression of their collective power.”⁸²⁰ General Motors had a presence in both groups that formed the Business Roundtable directly and in the March Group that influenced the early policy directions of the Business Roundtable, such as a focus on labor issues and inflation.⁸²¹ The Business Roundtable was a key ally in the fight against CAFE and supports the privatization of education, a philosophy that drives GM’s involvement in university education.

The campaign against CAFE was heavily funded. During the 1980s, “GM alone spent more than \$1.8 million.”⁸²² In addition, the auto industry has spent millions of dollars funding candidates and PACs. Politicians from Michigan, such as John “The Truck” Dingell, and other states tied to the auto industry have been particularly vocal in shooting down CAFE standards. Both the Bush and Clinton administrations largely acquiesced to industry concerns, particularly on the question of fuel economy. For example, when the Clean Air Act (CAA) of 1990 was passed, it did not include fuel economy standards. While it was somewhat of a setback to the industry to update clean air standards, the industry had delayed the CAA for a decade when it

⁸²⁰ Waterhouse, *Lobbying America*, 78.

⁸²¹ Ibid., 102, 104.

⁸²² Peter Freund and George Martin, *The Ecology of the Automobile* (Montreal: Black Rose Books, 1993), 136.

was finally passed.⁸²³ Beyond compromises in legislation, the government also partnered with the auto industry which made auto industry lobbying even more effective. Through the Partnership for a New General of Vehicles, the U.S. auto manufacturers could say that they were working on developing future cars and used their relationship with the administration to prevent new CAFE requirements.⁸²⁴ Auto manufacturers were also aided by its national network of dealers. With dealers in nearly every congressional district, dealer opposition can be a powerful ally. Despite tension with the UAW throughout the 1990s and 2000s, the UAW also served as a powerful ally; the union also partnered with GM's front group, the Coalition for Vehicle Choice, as I discuss later in this chapter.⁸²⁵

Since 1998, General Motors has spent about \$10 million lobbying annually.⁸²⁶ Since 2012, GM has increased its election spending from about \$785,000 to just over \$2.4 million and has donated to both Democrats and Republicans.⁸²⁷ GM's size, spending, and history has made it a leader in its industry; GM's efforts are representative of the strategies of the U.S. auto manufacturers during this period. The auto industry succeeded in delaying CAFE and lowering requirements. By 2006, Toyota joined the U.S. auto manufacturers in fighting CAFE.⁸²⁸ The delay in reforming the U.S. transportation system has led to disastrous consequences for greenhouse gas emissions and global warming.

⁸²³ Luger, *Corporate Power*.

⁸²⁴ Luger, *Corporate Power*.

⁸²⁵ Bradsher, *High and Mighty*.

⁸²⁶ Center for Responsive Politics, "General Motors: Summary," Open Secrets, 2018, <https://www.opensecrets.org/lobby/clientsum.php?id=D000000155&year=2018>; There were some years where GM spent more, such as in 2007 and 2008 GM spent \$14.28 million and \$13.1 million lobbying, respectively, for bailout money.

⁸²⁷ Center for Responsive Politics, "General Motors: Profile for 2018 Election Cycle," Open Secrets, 2018, <https://www.opensecrets.org/orgs/summary.php?id=D000000155&cycle=2018>; Center for Responsive Politics, "General Motors: Profile for 2012 Election Cycle," Open Secrets, 2012, <https://www.opensecrets.org/orgs/summary.php?id=D000000155&cycle=2012>.

⁸²⁸ Sperling and Gordon, *Two Billion Cars*.

The auto industry used front groups to shift public opinion and lobby against CAFE. Front groups became an important tool in corporate lobbying in the 1990s and 2000s, but they originated decades earlier. In 1920s and 1930s, Edward Bernays created the first front group, a group that appeared to be a public interest group but was created by a public relations firm and financed by corporate partners.⁸²⁹ Bernays used front groups in support of the Tobacco Industry.⁸³⁰ Carl Byoir has also been credited with the invention of front groups for creating a front group for railroad companies to lobby against trucking regulations. A Supreme Court case concerning the railroad front groups ruled that the front groups were deceptive but not illegal. Although front groups declined in popularity over the course the twentieth century, they grew in popularity during the 1990s. They are “typically transient in nature, reflecting their often single-issue focus.”⁸³¹ The name of group is usually stylized as “Citizens for [Something Good].” GM used the Coalition for Vehicle Choice (CVC), a front group that supported SUVs, to promote the idea that CAFE regulations would make consumers unsafe. CVC’s arguments served as safetywashing for SUVs by perpetuating that SUVs were safe; the CVC was effective not only at shaping public opinion but also effectively lobbied Congress. Through CVC, GM was able to effectively change the terms of debate around CAFE.

The Coalition for Vehicle Choice (CVC) was a front group created by PR firm E. Bruce Harrison for a few major players in the auto industry, including the National Automobile Dealers Association and the three U.S. auto manufacturers.⁸³² The E. Bruce Harrison firm not only supported GM’s PR efforts but also supported a host of other anti-environment PR efforts. The

⁸²⁹ Michael J. Palenchar and Kathy R. Fitzpatrick, “Secret Persuaders: Ethical and Rhetorical Perspectives on the Use of Public Relations Front Groups,” in *Rhetorical and Critical Approaches to Public Relations II* (New York: Routledge, 2009), 272–89.

⁸³⁰ Ibid.

⁸³¹ Ibid., 274.

⁸³² Rowell, *Green Backlash*.

firm also worked for the Business Roundtable, which made it a key player in the rise of corporate anti-environment PR in the 1990s.⁸³³ Although the group described itself as having citizens as members and the name “Coalition” implied broad membership, it was funded by auto manufacturers, the National Auto Dealers Association, and other industry groups interested in preventing fuel economy legislation. The CVC was also aided by the “revolving door” between federal agencies and corporate lobbying. The head of the CVC was Diane Steed, who had once led the NHTSA.⁸³⁴ Although the group was formed in 1991, there are no lobbying records prior to the implementation of the Lobbying Disclosure Act in 1996. In 1998, the group spent only a few thousand dollars; in 1999, it spent \$60,000. But, in 2000, as debate over CAFE regulations again heated up, the group spent nearly \$1 million.⁸³⁵ Funding declined again in 2001, consistent with the observation that front groups are usually single-issue groups that are transient.⁸³⁶

However, the lobbying numbers do not tell the full story. CVC reportedly received “more than \$10 million” from the auto industry.⁸³⁷ In addition to lobbying, the CVC also sponsored ads, such as one claiming that small cars were less safe than large ones that garnered a Harlan Page Hubbard Lemon Award for worst advertisement in 1991.⁸³⁸ The CVC also attempted to stymie environmentalists’ attempts to alert consumers to the auto manufacturers’ campaign against fuel efficiency. In 1993, the Energy Conservation Coalition (ECC), part of Environmental Action put out a PSA about CAFE debate. The CVC contacted hundreds of stations that aired a PSA to

⁸³³ Ibid.

⁸³⁴ Bradsher, *High and Mighty*.

⁸³⁵ Open Secrets, “Coalition for Vehicle Choice,” Open Secrets, 2001, <https://www.opensecrets.org/lobby/clientsum.php?id=F209319&year=1999>.

⁸³⁶ Kathy R. Fitzpatrick and Michael J. Palenchar, “Disclosing Special Interests: Constitutional Restrictions on Front Groups,” *Journal of Public Relations Research* 18, no. 3 (2006): 203–24.

⁸³⁷ Freund and Martin, *The Ecology of the Automobile*, 136.

⁸³⁸ Rowell, *Green Backlash*.

pressure them to stop airing it.⁸³⁹ Some stations resisted the pressure from the auto industry, but there are few reports to determine how many stations caved to corporate pressure.

GM and CVC used issue ads that frame the terms of debate and are often published in newspapers alongside news coverage.⁸⁴⁰ With increasing environmental criticism, many corporations sought to change the terms of the debate. Corporations poured more money into their ad campaigns than non-profits could.⁸⁴¹ Along with GM's other PR efforts, issue ads helped reframe CAFE as an issue of safety versus the environment. GM also tied lobbying to corporate communities by holding PR pseudo-events at factories that to promote the idea that CAFE regulations would result in job losses.⁸⁴² Despite their contentious relationship with GM during the 1990s and 2000s because of whipsawing, as described in chapter 2, the United Auto Workers (UAW) was actively involved in lobbying against CAFE.

GM, the CVC, and the UAW worked together to exert pressure on lawmakers; they argued that CAFE policies would destroy state and local economies. A 1991 "vehicle fuel economy exhibition" in Washington, D.C. featured a car signed by thousands of employees from Wentzville, Missouri, plant; the Baltimore, Maryland, plant; and the North Tarrytown, New York, plant.⁸⁴³ Three press releases about the event were identical except for the location and workers mentioned. However, the production of individual releases means that they were likely meant to be published in local news sources. Local coverage may have encouraged community

⁸³⁹ Environmental Action, "ECC Confronts Industry Smoke Screen," *Environmental Action* 24, no. 4 (Winter 1993): 4.

⁸⁴⁰ Cox, "Chapter 10: Green Marketing and Corporate Campaigns."

⁸⁴¹ Ibid.

⁸⁴² Sperling and Gordon, *Two Billion Cars*; Cox, "Chapter 10: Green Marketing and Corporate Campaigns."

⁸⁴³ General Motors, "3 Releases on Coalition for Vehicle Choice (CVC) for Baltimore, North Tarrytown & Wentzville" (General Motors, October 17, 1991), General Motors Press Releases January - December 1991 (Binder). General Collection, GM Heritage Center, General Motors.

members to advocate on behalf of GM. The CVC was able to localize and personalize the fuel economy debate through its partnership with the UAW.

The press release purported that these workers “are concerned that production of these vehicles and their jobs would be endangered if the proposed fuel economy legislation is enacted.”⁸⁴⁴ UAW representatives from each factory were also present. The potential impact voting against the powerful UAW and its thousands of organized workers was imparted on politicians who had to walk past UAW workers on their way to Capitol Hill. Congress struggled to pass CAFE legislation because it was opposed by both labor and industry leaders.

In addition to tying CAFE to the destruction of state and local economies, CVC also argued that CAFE standards would negatively affect consumer safety. Auto manufacturers claimed that CAFE standards mandated the production of smaller cars that would be less safe than SUVs. The auto manufacturers and CVC pushed the argument with such force that the terms of the debate become centered around vehicle safety: “Following the lead of the CVC, the Bush Senior Administration started calling a 1991 CAFE reform bill the ‘Highway Fatality Act’ and the ‘National Highway Death Act.’”⁸⁴⁵ Furthermore, the emphasis on safety was even emphasized by the NHTSA, responsible for regulating the auto industry. Yet, the NHTSA effectively used the auto industry’s narrative about CAFE’s impact on safety in their own communication: “NHTSA created a voiceover for a crash-test film, warning that tighter fuel-economy rules could lead to more deaths on the road.”⁸⁴⁶ Furthermore, the NHTSA footage was then used in CVC advertising. In the end, the footage was revealed to be misleading because of the complicated relationship between SUVs and safety.

⁸⁴⁴ Ibid.

⁸⁴⁵ Hathaway, “Corporate Power Beyond the Political Arena,” 22.

⁸⁴⁶ Bradsher, *High and Mighty*, 67.

After failing to pass CAFE legislation in 1990 and 1991, the Clinton Administration collaborated with auto manufacturers in the Partnership for a New Generation of Vehicles. The stated goal of the multi-million dollar partnership was for the national laboratories and U.S. auto manufacturers to collaborate to produce a vehicle capable of getting 80 miles per gallon.⁸⁴⁷ However, the collaboration meant that the administration did not push for improving current fuel economy, instead focusing on a future car in development. Beginning in 1994, the NHTSA was prohibited from considering fuel economy rules. Ultimately, CAFE averages declined during the Clinton Administration because of the influx of SUVs and trucks.⁸⁴⁸ U.S. manufacturers presented their technological solutions to an awaiting public, while stalling on implementing solutions or facing accountability in the form of CAFE regulations.

In the 2002, fuel economy came under serious debate for the first-time in a decade.⁸⁴⁹ The 2002 CAFE debate again centered over safety and consumer choice, two lines of reasoning initiated by the auto industry and the CVC. This time, opponents of fuel economy standards supported their arguments with a National Academy of Sciences (NAS) and Department of Transportation study that showed increased deaths from increased fuel efficiency standards under CAFE. However, the report was misleading because the NAS did not support that conclusion.⁸⁵⁰ The McCain-Kerry amendment that would have raised fuel economy standards to 36 mpg by 2015 was defeated after a Senate floor debate that centered on safety. By 2002, corporate talking points about safety had altered the terms of the CAFE debate. The auto industry was able to shift the fight over CAFE to fight over safety, a fight that it could more easily win.

⁸⁴⁷ Ibid.

⁸⁴⁸ Ibid.

⁸⁴⁹ Harry Stoffer, "Automakers Open Door to CAFE Debate," *Automotive News* 75, no. 5918 (February 26, 2001): 4.

⁸⁵⁰ Hathaway, "Corporate Power Beyond the Political Arena."

GM's success is remarkable in part because the NAS and Department of Transportation report concluded that CAFE standards should be raised. Yet, excerpts from the report would continue to be used by opponents of CAFE. The NAS and Department of Transportation also acknowledged that U.S. auto manufacturers would be negatively affected by the standards; the report concluded that CAFE standards should be adjusted appropriately by adopting different standards based on the size of the vehicle, effectively perpetuating the truck loophole. Yet, the report was another area where the auto industry influenced its captive regulator. Despite the obvious conflict of interest, the CVC participated in some meetings about the report.⁸⁵¹ The auto industry was able to shape an official government report to its advantage and use key statements from the report to support the idea that auto safety and fuel economy were not complementary goals.

GM's allies at AEI and the Heritage Foundation promoted the idea that consumers had the freedom to choose to drive an SUV, regardless of the safety and environmental impacts. In an article published in the *St. Louis Post-Dispatch*, James K. Glassman, who was both a journalist and an AEI fellow, argued "As a simple matter of personal freedom and consumer choice, it should not be up to the government to determine how many miles my car can travel on a gallon of gasoline."⁸⁵² His line of reasoning followed the auto industry's PR exactly. Glassman argued that "Higher CAFE standards mean lighter cars, and lighter cars are less safe."⁸⁵³ Further, the higher CAFE standards would even be a direct attack against GM, "a cruel irony" because of their 0% financing offers at September 11. A similar article from AEI published in the *National Journal* also cited the flawed NAS report. The article stated, correctly, that women wanted SUVs

⁸⁵¹ Ibid.

⁸⁵² James K. Glassman, "It's My Right to Drive an SUV," American Enterprise Institute, February 13, 2002, <http://www.aei.org/publication/its-my-right-to-drive-an-suv/>.

⁸⁵³ Ibid.

because they felt safe but did not clarify that large, high SUVs were not as safe as claimed.⁸⁵⁴

These arguments were also advanced by the Heritage Foundation. The GM Foundation's charitable donations to AEI and Heritage returned dividends during the CAFE debate.⁸⁵⁵

GM continued to use its workers a political tool to exert pressure on lawmakers. In 2002, GM held town halls in company towns to convey to those communities the threat that CAFE posed to GM. The town halls were held at plants in Pontiac, Michigan; Toledo, Ohio; and Janesville, Wisconsin. Like the UAW and CVC event in DC, these town halls emphasized that CAFE would result in job losses. The town halls were also a clear collaboration between GM and the UAW because officials from both groups spoke.⁸⁵⁶ GM Vice President Guy Briggs stated, "No pickup, van or SUV GM builds today could survive the higher requirements."⁸⁵⁷ Similarly, UAW International Vice President Richard Shoemaker said that the CAFE policy was biased toward Japanese manufacturers, a key talking point for GM. When GM needed to, it flexed its technological muscle to make green engineering changes happen, such as the production of the EV1 electric car discussed later in this chapter. However, in the face of CAFE standards, GM claimed those standards were unfair and would favor foreign manufacturers. U.S. auto manufacturers' choice to focus on building and marketing SUVs meant that they had ceded the market for cars to Japanese manufacturers. At the same time, GM wanted to be recognized as environmentally friendly for producing an electric vehicle and working on hydrogen fuel cells.

⁸⁵⁴ William Schneider, "America Keeps on Trucking," American Enterprise Institute, March 23, 2002, <http://www.aei.org/publication/america-keeps-on-trucking/>.

⁸⁵⁵ Charli Coon, "Why the Government's CAFE Standards for Fuel Efficiency Should Be Repealed, Not Increased," The Heritage Foundation, July 11, 2001, <https://www.heritage.org/environment/report/why-the-governments-cafe-standards-fuel-efficiency-should-berepealed-not>.

⁸⁵⁶ General Motors, "GM Plants Host Town Hall Meetings Today to Oppose Devastating Fuel Economy Plan," February 25, 2002, GM Media Archive, General Collection, GM Heritage Center, General Motors.

⁸⁵⁷ Ibid.

Anti-CAFE lobbying shows that GM had no intention of building electric cars unless it had to. Later, GM would produce the Chevy Volt to justify receiving bailout money.

The 2002 CAFE debate demonstrates how GM shifted the terms of debate to safety and CAFE. Consumer advocates, like Public Citizen, worked to disprove GM's arguments and pointed out that GM made "broken promises" on fuel economy before. The industry argued that fuel economy should be subject to market concerns, the same logic that industry used to avoid regulation for decades. However, the industry had improved fuel economy on their own.⁸⁵⁸ Unfortunately for Public Citizen, the industry's position that fuel economy should be subject to the market was emphasized by senators tied to the auto industry or other conservative groups during hearings and in newspapers.⁸⁵⁹ The auto industry's arguments received wide support from other industry groups and conservative organizations. The Competitive Enterprise Institute (CEI), a think tank that supports free enterprise and conservative thought, often appeared in newspapers and debates about fuel economy. Because CEI appears independent, it may have appeared more credible than industry groups fighting CAFE.⁸⁶⁰ For example, an article from CEI's Sam Kazman published in the *Wall Street Journal* disputed data that SUVs were unsafe and accused the *New York Times* of propagating misinformation about SUVs.⁸⁶¹ The industry shifted CAFE from an environmental debate to a safety debate, where experts feuded over what vehicles are safe. This strategy muddies the water and confuses consumers as demonstrated by

⁸⁵⁸ Public Citizen, "Detroit Automakers Pave Road to Higher Fuel Economy with Little Action, Many Broken Promises," Public Citizen, June 4, 2003, https://www.citizen.org/sites/default/files/broken_promises_fact_sheet.pdf.

⁸⁵⁹ Public Citizen, "SUVs and Safety: What We Know Now," Public Citizen, June 4, 2003, https://www.citizen.org/sites/default/files/what_we_know_now.pdf; Public Citizen, "Safety Experts Say: Fuel Economy Gains Will Not Harm Safety," Public Citizen, June 4, 2003, https://www.citizen.org/sites/default/files/historical_safety_fact_sheet.pdf.

⁸⁶⁰ Public Citizen, "The Truth about Cases Brought by the Competitive Enterprise Institute (CEI)," Public Citizen, June 4, 2003, https://www.citizen.org/sites/default/files/truth_about_cei.pdf.

⁸⁶¹ Sam Kazman, "Large Vehicles Are the Solution, Not the Problem," *Wall Street Journal*, March 12, 1998.

the polling data that indicates that SUV owners believe SUVs to be safer than non-owners do.⁸⁶² In the end, Congress and the NHTSA delayed CAFE again.

By 2006, with a Democratic majority in both houses, CAFE found its way to the floor of Congress, where the auto industry faced a tougher compromise. The industry returned to the tired arguments that had saved it in the past, but this time the U.S. auto industry was joined by a surprising ally – Toyota. Despite its well-received Prius, Toyota began selling profitable trucks and SUVs, so CAFE standards were harmful to the corporation's bottom line.⁸⁶³ The Alliance of Automobile Manufacturers, a trade association in which the U.S. manufacturers and Toyota were members, financed a million-dollar ad campaign aimed at persuading representatives in key states to vote against CAFE.⁸⁶⁴ The ad campaign returned to the CVC's argument of consumer choice and safety. According to *Automotive News*, "One radio spot, with sounds of children playing in the background, two women discuss the threat the legislation poses to safe family vehicles. One of them says: 'Automakers are going to be forced to build smaller and smaller cars.'"⁸⁶⁵ The ad emphasized to consumers that their families would be put at risk through small cars. Other ads emphasized that auto manufacturers sold a variety of vehicles, including trucks that were used by tradespeople like farmers, implying that the ever-popular American farmer was at risk from CAFE legislation.⁸⁶⁶

Yet, the auto industry's traditional appeals missed their mark. In 2006, oil prices were higher than they had been in 2002 or the early 1990s. Consumers were concerned about the cost of oil; more fuel-efficient vehicles would help them spend less. In addition, a new contingent had

⁸⁶² Wogalter, Conzola, and Shaver, "Perceptions of Sport-Utility Vehicle (SUV) Safety by SUV Drivers and Non-Drivers."

⁸⁶³ Harry Stoffer, "Toyota Joins Detroit 3 in CAFE Fight," *Automotive News* 81, no. 6266 (July 30, 2007): 3, 46.

⁸⁶⁴ *Ibid.*

⁸⁶⁵ Harry Stoffer, "Industry Ads Blast Higher CAFE," *Automotive News* 81, no. 6257 (May 28, 2007): 8.

⁸⁶⁶ *Ibid.*

emerged: Securing America's Future Energy (SAFE). Created by ex-military leaders and corporate executives, SAFE argued that dependence on foreign oil was a national security problem. Amid a costly war and a hike in gas prices, the industry was forced to argue that other corporate leaders and ex-military officials were wrong about a national security problem.⁸⁶⁷

The auto industry's Congressional allies made clear that compromise would be in the best interests of the auto industry. In the end, the industry and its allies backed less stringent CAFE rules that lowered the fuel efficiency target and created different standards based on vehicle size.⁸⁶⁸ Because the compromise protected SUVs and trucks with different standards, the auto manufacturers were joined by their allies from the National Automobile Dealers Association (NADA).⁸⁶⁹ Conservative groups also came out to support the compromise. The Business Roundtable offered its support for the compromise bills, stating that "strengthening CAFE standards can play an important role in improving vehicle fuel economy, but the CAFE increases in the Senate bill are unrealistic and will impose hardship on the domestic auto industry and American consumers."⁸⁷⁰ After over a decade of debate, CAFE standards were finally raised with the blessing of the auto industry.

Political change and widespread belief in global warming led to the passage of the Energy Independence and Security Act (EISA) of 2007. Yet, the EISA still incorporated "safety concerns" that were corporate propaganda. Under the Act, NHTSA could alter CAFE standards to prioritize auto safety. The auto industry fundamentally altered CAFE regulation by inserting

⁸⁶⁷ Michelle Maynard, "Politics Forcing Detroit to Back New Fuel Rules," *New York Times*, June 20, 2007.

⁸⁶⁸ Ibid.

⁸⁶⁹ Harry Stoffer, "NADA's Lobbying Goal in D.C.: Make 'trying Times' Less So," *Automotive News* 82, no. 6272 (September 10, 2007): 10.

⁸⁷⁰ Michael G. Morris, "Letter to Congress Regarding Energy Legislation," Business Roundtable, 2007, <https://www.businessroundtable.org/archive/resources/letter-to-congress-regarding-energy>.

its safety argument into the legislation.⁸⁷¹ The inclusion of the safety loophole was a massive success for the auto industry. Given the industry's success at working with its primary regulator, the safety loophole gives the industry an additional option for lobbying against CAFE in the future.

The CAFE system under EISA did not exclude SUVs. Instead, EISA created a “terraced” system based on size.⁸⁷² SUVs and light trucks had different fuel efficiency targets than cars. In addition, the average no longer covered the whole fleet. The “terraced” system allowed auto manufacturers to produce SUVs and light trucks while being CAFE compliant. The auto industry had agreed to new standards, but those standards allowed them to continue to produce SUVs and trucks without facing federal penalties. Furthermore, the auto industry convinced the Bush administration EPA to challenge California's authority to set its own emission standards, which it had had under the passage of the Clean Air Act of 1970.⁸⁷³ The Big 3 also received access to \$25 billion low-interest loans to modify existing facilities to produce more fuel efficient vehicles. These loans came under scrutiny during the TARP debate.

Despite American's love of SUVs, many Americans support fuel economy regulations and government programs to develop fuel efficient cars. In 2006, shortly before passage of the industry's CAFE regulations, 84% of Americans wanted the government to provide support to develop fuel efficient vehicles.⁸⁷⁴ In 2009, 79% of Americans supported President Obama's fuel economy standards. Yet, that same year, most Americans felt that economic growth was more

⁸⁷¹ Hathaway, “Corporate Power Beyond the Political Arena,” 29.

⁸⁷² *Ibid.*, 26.

⁸⁷³ John M. Broder and Felicity Barringer, “E.P.A. Says 17 States Can't Set Emission Rules,” *New York Times*, December 20, 2007, <https://www.nytimes.com/2007/12/20/washington/20epa.html>.

⁸⁷⁴ Jon A. Krosnick and Bo MacInnis, “Does the American Public Support Legislation to Reduce Greenhouse Gas Emissions,” *Daedalus* 142, no. 1 (2013): 26–39.

important than the environment.⁸⁷⁵ These polls demonstrate that Americans view the economy and the environment as competing choices; this supposed dichotomy is a key talking point of the auto industry.

The U.S. auto industry has long argued that fuel economy standards will cause job losses and lower profits for the auto industry. The oil and gas industry, among others, have similarly argued that environmental regulations will lead to job losses and industry destruction. Although the American public now favors environmental regulation over economic growth, by 65% to 30%, support has dropped since 1991 when 71% of Americans thought environmental regulations were more important than economic growth.⁸⁷⁶ Over time, the auto industry and its allies have made in-roads on American environmental policy. Yet, American support for higher fuel economy standards rarely came up in the debates in the 1990s and 2000s. Instead, the auto industry pointed to SUV sales as evidence that Americans did not want fuel efficiency regulations. What went unsaid in this argument is that the auto industry created the market for SUVs in the 1990s to exploit a CAFE loophole and succeeded in selling them because of financial promotions. Yet, the auto industry insists that Americans cannot be sold on electric vehicles despite doing none of the promotional work necessary to do so.

Although the CVC no longer exists, the tactics for fighting fuel economy standards remain the same. In 2018, President Trump issued a rule maintaining current fuel economy standards through 2026. The American Legislative Exchange Council (ALEC) issued a statement supporting Trump's rule, stating, "a recent rulemaking by the Trump administration promotes

⁸⁷⁵ Gallup, "Environment," Gallup, 2019, <https://news.gallup.com/poll/1615/environment.aspx>; Lymari Morales, "Americans Green-Light Higher Fuel Efficiency Standards," Gallup, May 19, 2009, <https://news.gallup.com/poll/118543/americans-green-light-higher-fuel-efficiency-standards.aspx>.

⁸⁷⁶ Gallup, "Environment."

greater choice and affordability for car buying.”⁸⁷⁷ ALEC also produced a state resolution emphasizing the same points.⁸⁷⁸ Like CVC did decades ago, ALEC supports industry narrative of affordability and choice. The “choice” to drive a traditional SUV is situated against federal laws controlling that choice, even though higher fuel efficiency standards might lead to better offerings, such as electric SUVs.⁸⁷⁹

Greenwashing

GM’s PR and CSR programs concerning the environment generally fall into two categories: technological advancements and university education. GM primarily greenwashed through releases about new technology. Although widely reported in the mainstream news outlets and trade press publications, these innovations did not ultimately reflect changes in GM’s production or marketing strategies. Educational programs and student competitions were the second method through which GM greenwashed. These programs enabled GM to reach out to future engineers and provide support to university programs, which helped develop GM’s relationship with universities and promoted a neoliberal vision of education. These events were primarily covered by the trade press and academic journals.

⁸⁷⁷ Grant Kidwell, “Affordable and Efficient Cars, Not Federal Mandates,” American Legislative Exchange Council (ALEC), October 4, 2018, <https://www.alec.org/article/affordable-and-efficient-cars-not-federal-mandates/>.

⁸⁷⁸ American Legislative Exchange Council (ALEC), “Resolution in Support of the Reconsideration of Corporate Average Fuel Economy (CAFE) Standards,” American Legislative Exchange Council (ALEC), September 18, 2018, <https://www.alec.org/model-policy/resolution-in-support-of-the-reconsideration-of-corporate-average-fuel-economy-cafe-standards/>.

⁸⁷⁹ After decades of the auto industry fighting electric vehicles to save SUVs, Tesla now offers an electric SUV: <https://www.tesla.com/modelx>

The EV1

The primary way in which GM greenwashed was through early reports about technological developments. While these technological developments were true, they were overshadowed by GM's commitment to SUVs and to lobbying against CAFE regulations. GM promoted two developments in the 1990s and 2000s that were more PR than technical change: electric cars and hydrogen fuel cells. GM's famous electric car, the EV1, was notoriously dumped in the Arizona desert after being briefly available to consumers. The only EV1 left in existence is currently on display at the National Museum of American History as the "first modern electric car designed for a mass market," a title GM claims even though the car was only available for lease in California and Arizona for a few years."⁸⁸⁰ Toyota has recently made a hydrogen fuel cell vehicle available in California. GM has yet to sell a hydrogen car, despite publicizing its experiments with hydrogen widely in the 1990s. Both methods appealed to the "environmental movement's fascination with technological fixes" in the 1990s.⁸⁸¹ The industry paradoxically promoted its environmentally friendly developments, while focusing its sales efforts on the SUV and lobbying against regulations that would require the environmentally conscious technologies to be implemented.

While CAFE governs national fuel economy regulations, California can set its own air quality and fuel efficiency standards that other states can adopt. In 1990, the California Air Resources Board (CARB) set off a flurry of concern in the auto industry by calling for auto manufacturers to produce zero-emissions vehicles (ZEV).⁸⁸² Manufacturers would have to design

⁸⁸⁰ "EV1 Electric Car," The National Museum of American History, January 19, 2016, <http://americanhistory.si.edu/exhibitions/ev1-electric-car>.

⁸⁸¹ Keith Bradsher, *High and Mighty*.

⁸⁸² "California Awakes; It's Ready to Kill Faulty ZEV Rule," *Automotive News* 77, no. 6032 (April 7, 2003): 12.

and produce hundreds of thousands of ZEVs in just over 10 years, a target that the auto industry described as impractical. This prompted lobbying against the ZEV mandate in California. At the same time, the ZEV mandate prompted GM to experiment with the EV1 in California and Arizona.⁸⁸³

GM's famous EV1 began as the Impact. In a 1990 press release, GM Chairman Roger B. Smith proclaimed, "(The Impact) is part of our threefold mission to care for our customers, to care for the environment, and to be the industry's technology leader."⁸⁸⁴ GM billed itself as an innovator with a historical legacy, citing its electric truck produced in 1916 when electric vehicles were more common. However, Smith stated that GM did not plan to produce the Impact for a few years. The announcement was a PR gambit to show that GM understood the needs of its customers, despite its reputation for large, gas-guzzling vehicles. The Impact was received well by the audience at the event and by the press. Smith indicated that GM was still looking into whether it was feasible to manufacture the Impact, though the auto manufacturer would not manufacture it unless it was clear that people wanted to purchase the vehicle.⁸⁸⁵ GM's pursuit of the Impact was not based on altruism or a desire to do the right thing. It was about sales, combined with a desire to boost GM's reputation among young, environmentally conscious drivers.

By 1991, GM had decided that producing the Impact was worthwhile. GM again touted its "history of environmental leadership in the auto industry."⁸⁸⁶ The vehicle was supposed to be

⁸⁸³ "Even California Should Learn from GM's EV1," *Automotive News* 77, no. 6012 (November 18, 2002): 12.

⁸⁸⁴ "Impact Car Release," January 3, 1990, General Motors Press Releases January - December 1990 (Binder). General Collection, GM Heritage Center, General Motors.

⁸⁸⁵ "R. B. Smith Speech - Chicago Auto Show," February 9, 1990, General Motors Press Releases January - December 1990 (Binder). General Collection, GM Heritage Center, General Motors.

⁸⁸⁶ "Electric Vehicle Production," March 4, 1991, General Motors Press Releases January - December 1991 (Binder). General Collection, GM Heritage Center, General Motors.

produced in Lansing, Michigan. Yet, the following year, the Impact had not yet been put into production. In 1992, GM announced that the Impact would be tested with public utilities and local governments before being put on the market.⁸⁸⁷ In a press release, GM attempted to balance the “public’s interest in EVs” with perceived market feasibility of the vehicle. GM always emphasized that the vehicle would not be produced if there were no market for such a vehicle. This allowed GM to cancel production if necessary, by citing lack of interest. While electric vehicles are cautiously promoted in light of interest, SUVs were routinely seen as marketable and desirable.

In 1993, GM moved into the next phase of testing the Impact by making 50 vehicles available for two to four weeks. The release emphasized the cooperation between government and industry. However, GM continued to hedge on the possibilities by claiming “we still have a lot to learn to be able to mass produce an electric vehicle in volume and market and sell it in a customer driven marketplace.”⁸⁸⁸ While GM continued to promote itself as a leader in electric vehicle technology, the Impact was always placed in the context of market demand and a future yet to come. Beginning in 1994, customers in Los Angeles participated in the testing, known as the General Motors PrEView Drive Program. Consumers liked the cars, according to GM, but the biggest issues were concerns about when and how much to charge the car, concerns that still resonate with electric vehicle users.⁸⁸⁹ These concerns could be solved by investments in public infrastructure, which might be siphoned off from subsidies for oil and gas.

⁸⁸⁷ “General Motors Announced Today It Will Produce up to 50 Electric Vehicles (Evs) next Year,” December 11, 1992, General Motors Press Releases January - June 1992 (Binder). General Collection, GM Heritage Center, General Motors.

⁸⁸⁸ “GM Announces Electric Vehicle Test Driving” (General Motors, October 13, 1993), General Motors Press Releases January - December 1993 (Binder). General Collection, GM Heritage Center, General Motors.

⁸⁸⁹ “Consumer-Oriented Field Test Provides First Glimpse of Public Reaction to Electric Vehicles” (General Motors, May 4, 1995), General Motors Press Releases January - December 1995 (Binder). General Collection, GM Heritage Center, General Motors.

In 1996, GM announced that it would be marketing the electric vehicle, now called the EV1, and an electric truck. Both vehicles would be available in limited markets in California and Arizona.⁸⁹⁰ In October 1996, GM announced that the EV1 could be leased from Saturn for about \$34,000 for 36 months.⁸⁹¹ After November 1996, there was no mention of the EV1 or any electric vehicle in the GM press releases until the Volt was announced in 2008 when GM was facing bankruptcy.⁸⁹² Based on press release data, it would appear that the EV1 did not happen or was simply poorly received. However, the EV1 was good publicity for GM, but it amounted to little more than PR. Likewise, the Volt offered an opportunity to change GM's lineup, and, like the EV1, showed GM as a forward-thinking company, even as most of its product lineup stayed remarkably similar to the glut of SUVs and trucks in the 1990s and 2000s.

Automotive News reported that GM spent \$8 million promoting the EV1 in California and Arizona. The campaign featured an ad produced by Industrial Light and Magic that included a gadget similar to R2D2, the *Star Wars* droid, in which the EV1 is greeted by electric appliances. According to the article, one goal was to “position GM as an innovative technical leader.”⁸⁹³ *U.S. News and World Report* even echoed this sentiment, describing in detail how GM had carefully chosen potential customers who “are environmentally conscious, between 35 and 54 and well educated, have household incomes of more than \$125,000, and are willing to take chances on

⁸⁹⁰ “Electric Vehicle Announcement and Greater Los Angeles Auto Show” (General Motors, January 4, 1996), General Motors Press Releases January - June 1996 (Binder). General Collection, GM Heritage Center, General Motors.

⁸⁹¹ “Saturn - Price & Introduction Date of GM's EV1 Announced” (General Motors, October 15, 1996), General Motors Press Releases July - December 1996 (Binder). General Collection, GM Heritage Center, General Motors.

⁸⁹² “A New GM Kicks Into High Gear at Product and Technology Event,” August 11, 2008, GM Media Archive, General Collection, GM Heritage Center, General Motors.

⁸⁹³ Jean Halliday, “GM Launches EV1 with Ad Blitz,” *Automotive News* 71, no. 5689 (December 2, 1996).

new technology.”⁸⁹⁴ In national publications, the EV1 was greeted as the future of automotive travel. GM’s PR and advertising were working.

The EV1 was so well-received that there were even waiting lists to drive one.⁸⁹⁵ Two reviews of the EV1 even invoked George Jetson of the space-age animated sitcom *The Jetsons*. The reviews were overwhelmingly positive. Most praised how quiet the vehicle was and how futuristic it looked. One reviewer in the *Christian Science Monitor* wrote, “Now that my EV1 is gone, I ride in vibrating, noisy, gas-spewing vehicles that feel like clunkers by comparison.”⁸⁹⁶ Despite the multimillion dollar ad campaign, GM produced only 600 vehicles in the first year and leased about half of those.⁸⁹⁷ As I described in chapter 4, leasing is often used by people in upper income brackets whom GM was targeting with the EV1. GM eventually lowered the cost, but the car was still only available in California and Arizona where there were a limited number of charging stations.⁸⁹⁸ In addition to the leasing costs, the customer also leased the vehicle charger, which potentially required customers to upgrade the wiring in their homes.⁸⁹⁹ Despite the drawbacks, the EV1 represented good publicity for GM as a technological wonder that would herald in a new era of automobiles.

Although the reception of the EV1 was largely positive, customers complained about the range of the vehicle and feared being stranded with a dead battery. An *Automotive News* editorial described the EV1 as a “Noble Effort by GM” but criticized the range of the vehicle.⁹⁰⁰ Yet, GM

⁸⁹⁴ William J. Cook, “Look, Mom, No Gas,” *U.S. News & World Report*, September 30, 1996.

⁸⁹⁵ *Ibid.*

⁸⁹⁶ Daniel B. Wood, “It’s Electric: The Car of the Future,” *Christian Science Monitor*, February 24, 1997.

⁸⁹⁷ Dale Jewett, “Marketing Guru Readies New Pitch for GM EV1,” *Automotive News* 71, no. 5745 (December 22, 1997): 1.

⁸⁹⁸ David Sedgwick, “GM Cuts Lease Price of EV1 in Attempt to Boost Demand,” *Automotive News* 71, no. 5711 (May 5, 1997): 4.

⁸⁹⁹ Mark Rechtin, “GM’s Electric Vehicle Gets Complicated Launch,” *Advertising Age* 67, no. 45 (November 4, 1996): 53.

⁹⁰⁰ “Noble Effort by GM,” *Automotive News* 71, no. 5712 (May 12, 1997): 12.

quickly met the concerns about the EV1's range by upgrading the battery for both the EV1 and the electric S10 pickup.⁹⁰¹ Battery costs were still high, and GM still limited the electric vehicle to California and Arizona. In 2000, GM ceased production of the EV1. However, GM offered another futuristic vehicle at the Detroit auto show that year—a hydrogen fuel cell vehicle.⁹⁰² GM's hydrogen fuel cell test vehicle received less attention but used a similar logic to the EV1. No functional hydrogen fuel cell vehicles were produced by GM in the mid-2000s, despite claims a vehicle would be available "no later than 2004."⁹⁰³ Auto manufacturers use auto shows to demonstrate technological concepts that may never come to fruition while lobbying against fuel efficiency regulations. This greenwashing practice attempts to convince consumers that a futuristic end to pollution is not that far off while ensuring that the status quo is protected.

The EV1 has a somewhat mixed legacy among auto industry observers and environmentalists. The EV1 was often described in glowing terms as "cute, quick, and fun to drive."⁹⁰⁴ However, it has also been described as a market failure. In 2004, GM claimed that the EV1 was only a test that taught them a lot and even rewrote history. In response to the question "When did GM get serious about alternative fuel vehicles and developing this technology?" a GM executive stated in an interview with the trade publication *Automotive News*, "about 70 years ago with diesel electric trains. We were in production with electric vehicles in the 1910s."⁹⁰⁵ Just as in the early EV1 releases, GM rewrote its corporate history. While many vehicles in the early twentieth century used electricity, GM never seriously developed or

⁹⁰¹ David Sedgwick, "GM EVs Add Range--at Cost," *Automotive News* 71, no. 5748 (January 12, 1998).

⁹⁰² Gregory L. White, "GM Stops Making Electric Car, Holds Talks with Toyota," *Wall Street Journal*, January 12, 2000.

⁹⁰³ Sedgwick, "GM EVs Add Range--at Cost."

⁹⁰⁴ Gary Witzenburg, "How Viable Are HEVs, Really?," *Automotive Industries* 184, no. 3 (March 2004): 16.

⁹⁰⁵ Richard Truett, "Despite Low Numbers, EV1 Was a Triumph," *Automotive News* 75, no. 5918 (February 26, 2001): 26.

produced electric vehicles. The GM executive argued the EV1 was “never intended to be a profit unit...we felt the learning and some of *the image* that we would create by producing a vehicle of that type was worth the investment that we were going to make.”⁹⁰⁶ This statement emphasizes that the EVI was about *the image* that it would cultivate for GM. The EV1 was only for sale in a few markets and was only targeted to a particular customer. It was not a mass market vehicle, despite initial claims that it would be.⁹⁰⁷ Despite its low sales, it generated buzz in the trade press and the popular press for years because of its technological potential. In the end, the EV1 appears more PR than vehicle, particularly considering GM’s continued commitment to SUVs and trucks and its lobbying campaign against fuel economy.

Environmentalists saw possibilities in the EV1 and hydrogen fuel cell concept vehicles. *Mother Earth News* praised the EV1 in 2000, just before it was discontinued, as a “sleek two seater” that “has been redesigned and improved upon for nearly ten years.”⁹⁰⁸ In what seems like naiveté, the article further opined that the “growing popularity of alternative-fuel cars” must make oil companies nervous and predicted that “the institutionalization of the air-friendly auto may finally have graduated from environmental fantasy to the assembly line.”⁹⁰⁹ *Mother Earth News* had reason to suspect that the tide of vehicles might be turning. Although GM only leased the EV1 in a couple of places and produced about 1,000 of them, the car was popular with those who leased it. In 2002, EV1 owners in California pleaded with GM to keep their cars. Even the trade magazine *Automotive News* observed, “That creates an odd spectacle. GM is mounting a major product offensive to stir passion for its car lines, yet it is rebuffing an admittedly miniscule

⁹⁰⁶ Ibid., 26, emphasis mine.

⁹⁰⁷ Rebecca Blumenstein and Gabriella Stern, “GM Is to Unveil Plans for Selling Electric Car, Truck,” *Wall Street Journal*, January 4, 1996; William J. Cook, “Jump-Start to the Future,” *U.S. News & World Report*, April 30, 1990.

⁹⁰⁸ Sam Martin, “Four Wheels, No Emissions,” *Mother Earth News*, no. 177 (January 2000): 14–16.

⁹⁰⁹ Ibid.

group of hyper-loyal customers.”⁹¹⁰ The EV1’s legacy was in dispute: beloved by owners but unavailable for purchase. Further, its legacy was complicated the California emissions standards and GM’s lobbying campaign to change them.

GM’s EV1 was positioned as an outcome of California’s mandate for zero emissions vehicles.⁹¹¹ The trade press argued that California was at fault for the problems of the EV1 and reflected the recurring criticism that California had forced electric vehicles into existence even though consumers did not want them:

Everybody wants clean air. The way to achieve it is to establish reasonable clean air standards that give automakers technological leeway for meeting them. GM developed the EV1 in part to meet California’s requirement for zero-emissions autos. The state believed it somehow could repeal the laws of physics. There is a clear lesson in all of this for the Bush administration, which seems bent on using public policy to make fuel cells the next wonder technology, not by regulation but by underwriting fuel cell research with tax dollars. That’s a mistake, too. Ultimately, the technology to give us all clean air must come from choices made by the automakers and their customers.⁹¹²

This logic tied directly into the auto industry’s opposition to CAFE and California’s environmental regulations. The industry routinely claimed that the market would support neither electric vehicles nor gas vehicles with better fuel economy. Americans were simply unwilling to pay for such vehicles. Furthermore, forcing these vehicles on the market would lead to the death of the Big 3.⁹¹³ Even the EV1, which GM touted as the beginning of an era, was only meant for a

⁹¹⁰ Dave Guilford, “EV1 Lessees to GM: Don’t Take Our Cars,” *Automotive News* 77, no. 6011 (November 11, 2002): 4.

⁹¹¹ Ibid.

⁹¹² “Even California Should Learn from GM’s EV1,” *Automotive News*.

⁹¹³ Hathaway, “Corporate Power Beyond the Political Arena.”

small market. GM's technological developments were real, but they were outpaced by GM's commitment to the sale of SUVs and trucks. The EV1 was an attempt to convince younger buyers that GM cared about the environment. GM somewhat succeeded at the time. However, its legacy became tainted because environmentalists felt that GM was not committed to the development of electric vehicles.

The auto industry now produces more electric vehicles, but those vehicles are still vastly outnumbered by traditional gas vehicles. Unfortunately, the auto industry may find it difficult to continue dragging their feet. Auto manufacturers have shown that they can produce vehicles which meet fuel economy standards, regardless of size. Yet, they have continued to argue that the fuel economy standards have a negative impact on their profitability and employment levels. Further, auto manufacturers argue that there is an "affordability limit," so consumers simply will not purchase electric vehicles.⁹¹⁴ When the EV1 was released, GM argued that affordability was the reason it was not more popular, even though it was only released in a few cities in two states. Today, there are only a few electric and hybrid options. However, these vehicles are less advertised than SUVs and trucks. Without advertising, alternative vehicles will have a hard time outselling their gas-guzzling competitors. Today, technology still holds a place as a greenwashing tactic. GM has suggested that it can produce a hydrogen cell vehicle soon. Yet, this claim is similar to those made 20 years ago, leading to questions of how long the industry will continue to greenwash while profiting from traditional gas vehicles.

⁹¹⁴ Brent Snively, "Automakers Become Victims of Own Gas Mileage Success," *USA Today*, October 11, 2016.

The second way that GM greenwashed was through funding for University programs and engineering contests. First, through educational funding, GM tied engineering programs to GM's product development and enabled the company to outsource some of its research and development to universities. The program fulfilled GM's need to showcase its investment in environmentally friendly technologies and furthered the privatization of education. Second, GM established vehicle design competitions for university students in which they worked with government agencies, including the Department of Energy and the National Highway and Traffic Safety Administration, its primary safety regulator. Through these competitions, GM promoted the corporation's commitment to the environment and green technology.

GM has been involved in education since the post-war period when the Council for Aid to Education (CAE) was established.⁹¹⁵ The CAE was founded to counter the growth of federal funding for education by marshaling corporate support. As discussed in the previous chapter, GM's philanthropy acts as "a vehicle for preventing or stemming the growth of the welfare state" and influences the content and outcomes of education.⁹¹⁶ In addition to CAE, GM has also been a long-term member of the Business Roundtable. The Business Roundtable's goals in education also align with the larger goals of neoliberalism, including privatization of the public sector and public education.⁹¹⁷ Beginning in the early 1980s, conservative forces reshaped American education toward "economic competitiveness," "business involvement," and other standards geared toward quantifying education and its economic impact.⁹¹⁸ GM's push for involvement in

⁹¹⁵ King, *Pink Ribbons Inc.*

⁹¹⁶ *Ibid.*, 4.

⁹¹⁷ Pauline Lipman, *The New Political Economy of Urban Education: Neoliberalism, Race, and the Right to the City*. (New York: Routledge, 2011), 6. Einstein, *Pink Ribbons, Inc.*

⁹¹⁸ Lipman, *The New Political Economy of Urban Education*, 46.

education goes along with other conservative reforms that reframe education as job training, in contrast to broad, liberal education.

Situated within this larger movement for privatization of public education, GM sought to encourage engineering and mathematics education with a focus on the automotive industry by donating money to a variety of universities for research, labs, and projects. By providing support to universities, GM achieved two goals. First, GM furthered the privatization of public schools. They pushed universities toward private funding and re-situated the university in the light of job training and economic growth, rather than broader educational goals. Second, GM aligned university research with its goals, including using engineering research for greenwashing.

GM marshalled most of its corporate philanthropy to support university-level education. In 1990, GM reported spending about \$40 million on educational projects and \$21 million on non-educational projects.⁹¹⁹ Similarly, in 1994, GM reported spending about \$64 million total of which half went to education.⁹²⁰ GM continued to spend millions on education in the years following.⁹²¹ About 80% of GM's donations for higher education went toward science and engineering education.⁹²² GM focused on prestigious education institutions, such as Massachusetts Institute of Technology (MIT), which bolstered the prestige of GM's donations.⁹²³ The press releases did not disclose what universities were expected to do after receiving the money or what stipulations were placed on the donations. However, other PR materials reveal

⁹¹⁹ General Motors, *General Motors Annual Report 1990: Putting Quality on the Road*, 1991, General Motors Annual Reports 1987-1990 (Box). General Collection, GM Heritage Center, General Motors.

⁹²⁰ General Motors, *General Motors 1994 Annual Report: Global Integration*, 1995, General Motors Annual Reports 1991-1995 (Box). General Collection, GM Heritage Center, General Motors.

⁹²¹ General Motors, *Drive: General Motors Corporation 2003 Annual Report*, 2004, General Motors Annual Reports 2001-2006 (Box). General Collection, GM Heritage Center, General Motors.

⁹²² General Motors, *GM Philanthropic Report*, 1994, General Motors Annual Reports 1991-1995 (Box). General Collection, GM Heritage Center, General Motors.

⁹²³ G.W. Dickinson Speech - U of Miami Int'l Conference - GM donates \$35M, February 27, 1990. General Motors Press Releases January - December 1990 (Binder), General Collection, GM Heritage Center, General Motors.

more about the relationship between GM and recipient universities. For example, GM sponsored the MIT Joint Program on the Science and Policy of Global Change.⁹²⁴ The program ostensibly supports research at MIT related to climate change, yet it also served as another greenwashing cover for GM. MIT grants the program legitimacy and produces a plethora of research covering various viewpoints on environmental policy. Without much description of the program, a customer or shareholder might assume that GM is doing its due diligence on climate change.

GM also participated in The Advancement of Sound Science Coalition (TASSC) that opposed the Kyoto Protocol. GM worked alongside coal, oil, gas, and other industries to oppose the Kyoto Protocol on multiple grounds.⁹²⁵ The opponents of the Kyoto Protocol argued that developed countries were over-burdened under the plan.⁹²⁶ In 2000, the Joint Program raised doubts that the Kyoto Protocol was fair to all countries.⁹²⁷ This argument follows a similar logic to the corporate opposition to the Kyoto Protocol. The Joint Program is one example of how GM and other corporations could influence research. Paradoxically, GM's support of this research was cited as environmentally conscious CSR and evidence that "[GM] agrees that the potential consequences of global climate change are cause for concern, and... require responsible actions."⁹²⁸ However, GM also worked against this by opposing the Kyoto Protocol and environmental regulations. Like GM's promotion of the EV1, there was some truth that GM was

⁹²⁴ World Resources Institute, *Safe Climate, Sound Business: An Action Agenda* (Washington, DC: World Resources Institute, 1998).

⁹²⁵ James Hoggan, *Climate Cover-Up: The Crusade to Deny Global Warming* (Vancouver: Greystone Books, 2009).

⁹²⁶ William K. Stevens, "Industries Revisit Global Warming: Some Producers Now Support Curbing Greenhouse Gases Industries Beginning to Rethink Issue of Global Warming," *New York Times*, August 5, 1997.

⁹²⁷ M.J. Babiker and R.S. Eckaus, "Rethinking the Kyoto Emissions Targets," *Joint Program Report Series Report* 65, 2000, <https://globalchange.mit.edu/publication/14391>; M. Babiker, J. Reilly, and H. Jacoby, "The Kyoto Protocol and Developing Countries," *Joint Program Report Series Report* 59 (1999), <https://globalchange.mit.edu/publication/14569>.

⁹²⁸ World Resources Institute, *Safe Climate, Sound Business*, 9-10.

doing *something*, but the corporation's green activities were undercut by other corporate practices, making its CSR greenwashing.

Beyond university donations, GM also supported university efforts through scholarships and awards for students. For example, University of Michigan students were honored for their volunteerism with the GM Volunteer Spirit Award. GM Chairman Roger B. Smith described the importance of supporting university education in the release: "It's in the interests of both businesses and universities to stimulate leading-edge research, and to see the America's scientists, engineers and managers are the best trained and most creative in the world."⁹²⁹ GM offered support to individual students within Michigan. By selecting Michigan students, GM demonstrated the corporation's commitment to Michigan and the importance of the automotive industry in Michigan. Smith's remarks also emphasize that even volunteerism is not about the community but about developing a competent workforce.

In addition to donations and scholarships, GM also donated equipment to universities. Two days after the GM release about the Volunteer Spirit Award, Roger B. Smith, GM Chairman, presented four light guns to the University of Alabama, Huntsville. According to the release, "the University will use this unique piece of technology to support national defense and space program objectives and enhance its educational and research programs."⁹³⁰ Through this donation, GM encouraged participation in another area of long-term business interest—the defense industry. The auto manufacturer donated \$35 million to the University of Alabama with an additional \$20 million worth of equipment and \$3 million for research projects.⁹³¹ GM

⁹²⁹ General Motors, "Business and Universities," March 26, 1990, General Motors Press Releases January - December 1990 (Binder). General Collection, GM Heritage Center, General Motors.

⁹³⁰ General Motors, "RBS/Huntsville, Ala.: Business and Education Must Be Partners," March 28, 1990, General Motors Press Releases January - December 1990 (Binder). General Collection, GM Heritage Center, General Motors.

⁹³¹ Ibid.

donated a total of \$58 million to encourage defense research at the University of Alabama, Huntsville. These initiatives benefit GM by building a corporate relationship for recruitment and research that will advance corporate goals. Further, GM's donations reinforced the growth of the military-industrial complex.

GM also made explicit connections between its support of university education and American exceptionalism. In a November 1990 address to the Association of Independent Technological Universities, Dr. Robert A. Frosch, vice president of GM Research Laboratories, stated, "A crisis in American industry is imminent unless business and academia can reduce the fear of learning math and science-based disciplines among nation's youth, a GM executive today told presidents of the nation's top technical universities."⁹³² Citing National Science Foundation (NSF) research, Dr. Frosch alleged that there would be a "shortfall of 450,000 engineers and scientists by 2010."⁹³³ The "shortfall" numbers were taken from a National Science Foundation (NSF) report later described as "bad science." Yet, the figures were widely used by groups looking to make legislative changes.⁹³⁴ Fears of a shortage of scientists and engineers have propelled a push away from the liberal arts and humanities at the university-level and reinforced the importance of federal programs favoring math and science education at the elementary and high school levels. The Business Roundtable and similar groups have used the data to push for reforms to education including incentive-based pay, industry-supported educational initiatives, and increase Race to the Top grants.⁹³⁵ Ultimately, the logic of neoliberal reforms remains

⁹³² General Motors, "Dr. R. A. Frosch Education Release Speech in Irvine, CA," November 8, 1990, General Motors Press Releases January - December 1990 (Binder). General Collection, GM Heritage Center, General Motors.

⁹³³ Ibid.

⁹³⁴ "NSF Shortage Study Called 'Bad Science.'" *Science News*, May 2, 1992.

⁹³⁵ Vaishail Honawar, "Business Coalition Focuses on Math, Science Careers," *Education Week* 24, no. 44 (August 10, 2005): 5; Tapping America's Potential. "Tapping America's Potential." *Business Roundtable*, n.d. <https://www.businessroundtable.org/archive/resources/tapping-americas-potential>.

dominant with engineering and science routinely tied to increasing economic opportunities. GM was committed to refashioning education with economic outcomes as the primary goal.⁹³⁶

GM's support for science and engineering education was situated within these larger narratives of American decline in engineering and the need for educational reform. By donating to engineering programs, GM offered a remedy to the lack of American talent in those fields. GM's press releases for its programs largely used the same arguments as the Business Roundtable and other groups; the corporation focused on the economic impact of engineering. In a 1991 speech at MIT, Donald L. Runkle, a GM vice president, linked the loss in competitiveness in engineering to the "U.S. industry's loss of competitive leadership."⁹³⁷ Runkle explicitly connected the auto industry's failure to succeed to American education. Further, the executive positioned a stronger relationship between business and industry as the solution: "We've spent thousands of hours and tens of millions of dollars supporting American universities. We are on the same side. But... we all need to listen a little more closely to what the real world is saying."⁹³⁸ Runkle argued that the auto industry should be able to shape American education because the success of American corporations was dependent on corporate influence in the classroom. While educators and society may have broader views of the value of education, the neoliberal philosophy argued that anything that did not benefit the free market was unnecessary.

In addition to making direct connections between education and corporate success, GM also emphasized that educational policies should focus on jobs first and foremost. While

⁹³⁶ Carter Wood, "STEM Education and the Connection to Jobs," Business Roundtable, September 27, 2011. <https://www.businessroundtable.org/archive/media/blog/stem-education-and-the-connection-to-jobs>.

⁹³⁷ General Motors, "Runkle Speech at MIT," April 24, 1991, General Motors Press Releases January - December 1991 (Binder). General Collection, GM Heritage Center, General Motors, 1.

⁹³⁸ Ibid., 3.

education can help students to think deeply, be better citizens, or be better members of the community, a job-focused perspective emphasizes that jobs are more important than any other benefits. In a speech at Northwestern, James R. Wiemels, a GM vice president, made a direct connection between GM programs at the university and jobs for Northwestern graduates; he specifically mentioned how many Northwestern graduates were hired as interns by GM.⁹³⁹ While this programs may have done some good for the students involved, it is ultimately part of a larger push to subject public education to privatization.⁹⁴⁰ The push for privatization undermines the American commitment to public education as a basis for civil life and civic engagement.

In addition to GM's support for engineering programs, GM also supported engineering education through design competitions. The competitions brought together GM, government agencies, and universities. By combining support from government national laboratories and GM, the events demonstrated that corporate and government interests were aligned and that scientific breakthrough was associated with corporate ingenuity.⁹⁴¹ Beginning in 2000, the goal of the FutureTruck competition was "to create a 'greener' SUV...a *low*-emissions vehicle (LEV) with at least 25% higher fuel economy."⁹⁴² From 2000 to 2001, GM provided Chevy Suburbans for the competition. FutureTruck was sponsored by the Department of Energy and U.S. auto manufacturers. The FutureTruck competition aligned with GM's need to sell SUVs, while also promoting GM as concerned about the SUV's environmental impact.

⁹³⁹ General Motors, "GM Gives \$500,000 to Northwestern University," May 1, 1995, General Motors Press Releases January - December 1995 (Binder). General Collection, GM Heritage Center, General Motors, 3.

⁹⁴⁰ Lipman, *The New Political Economy of Urban Education*.

⁹⁴¹ General Motors, "GM Will Team with America's Nat'l Laboratories" (General Motors, January 23, 1992), General Motors Press Releases January - June 1992 (Binder). General Collection, GM Heritage Center, General Motors.

⁹⁴² General Motors, "Federal Government, General Motors and Universities Target Rising Gas Prices: Futuretruck Project Aims to Increase Fuel Efficiency," April 5, 2000, GM Media Archive, General Collection, GM Heritage Center, General Motors.

The SUVs that won were not hybrids or electric, but primarily used ethanol and modified gasoline. The best team improved fuel economy by about 10 mpg.⁹⁴³ The press release billed “the winners” of the event as “you and me and everyone else who cares about cleaner air and fuel conservation.”⁹⁴⁴ Through this release, GM emphasized that SUVs can be environmentally friendly, a theme that resonated with SUV ads. By making such a commitment, GM also implied that the industry could resolve fuel efficiency problems, instead of needing intervention in the form of CAFE standards. GM’s safety regulator, the National Highway Traffic Safety Administration, was also a sponsor. Like their sponsorship of MADD, the event also functioned as a way for GM to work with its primary regulator, a problem given SUVs’ safety problems. Corporations sometimes lobby politicians or regulators by working with charities that they favor.⁹⁴⁵ FutureTruck envisioned a future where SUVs were simply modified to be better, reinforcing the industry’s narrative that SUV’s were safe, appealing choices to consumers. The industry argued it was difficult to sell consumers on other vehicles, no matter how fuel efficient they were. This contest reinforced that the industry’s future was aligned with the SUV.

GM’s partnership with the Department of Energy and the national labs continued for several more years. In 2009, even as GM was transforming itself into the “new GM,” GM still sponsored student design competitions. This time, the design competition was called: EcoCAR: The NeXt Challenge.⁹⁴⁶ University students were challenged to make fuel efficient cars with zero

⁹⁴³ General Motors, “Futuretruck Project Produces Winning Results: Industry, Government and Universities Deliver Economic-Environmental Benefits,” June 16, 2000, GM Media Archive, General Collection, GM Heritage Center, General Motors.

⁹⁴⁴ Ibid.

⁹⁴⁵ Marianne Bertrand et al., “Tax-Exempt Lobbying: Corporate Philanthropy as a Tool for Political Influence” (Cambridge, MA: National Bureau of Economic Research, March 2018), <https://www.nber.org/papers/w24451>.

⁹⁴⁶ General Motors, “EPA Joins Government, Industry and Academic Consortium to Develop Next Generation EcoCARs Collegiate Advanced Vehicle Technology Competition to Create Thousands of Green Automotive Engineering Graduates,” August 6, 2009, GM Media Archive, General Collection, GM Heritage Center, General Motors., [URL on following page]

emissions, in response to California's regulations.⁹⁴⁷ While GM spent decades lobbying against California's energy regulations, the auto manufacturer also seemingly attempted to respond to them. Interestingly, the Environmental Protection Agency (EPA), another GM regulator, was a sponsor of the competition. EcoCAR even utilized the "GM Global Vehicle Development Process," meaning that students would become familiar with how GM developed vehicles in preparation for future careers. Teams were given a donated a Saturn VUE to work with.⁹⁴⁸ Like the previous competition, this competition was covered primarily by the trade press. However, it served the important role of promoting the industry as "green" to future employees, current engineers, and the industry's primary regulators.

While the EV1 received positive press from both the trade press and national publications,⁹⁴⁹ the university programs received less attention; there were only a few mentions in the trade press.⁹⁵⁰ Coverage may have been concentrated at the local level.⁹⁵¹ Although these programs received different receptions, they were designed for different audiences. The PR program for EV1 was targeted to a national audience as befit a technological breakthrough, while the university programs had more local appeal. Both programs served as greenwashing for GM. Through EV1 PR, GM overstated its commitment to these technologies, as shown by the small EV1 rollout and GM's continued reliance on trucks and SUVs. The EV1 also reinforced the

https://media.gm.com/media/us/en/gm/news.detail.html/content/Pages/news/us/en/2009/Aug/0806_EPA_Ecocar.html.

⁹⁴⁷ EcoCAR: The NeXt Challenge, "EcoCAR: The NeXt Challenge," EcoCAR: The NeXt Challenge [Internet Archive], March 29, 2008, <https://web.archive.org/web/20080329222703/http://www.ecocarchallenge.org/>.

⁹⁴⁸ General Motors, "EPA Joins Government, Industry and Academic Consortium."

⁹⁴⁹ Cook, "Look, Mom, No Gas."

⁹⁵⁰ Dave Guilford, "Contest Revs up New Technologies," *Automotive News* 85, no. 6459 (April 11, 2011); "GM, DoE Kick off Challenge X," *Automotive & Aerospace Test Report* 24, no. 9 (October 2004): A2; Eric Freedman, Eric Freedman, "GM, U. of Mich. Join to Create on-Campus Research Lab," *Automotive News* 71, no. 5756 (March 9, 1998): 40; "University of Michigan Wins Race for Solar-Powered Cars," *The New York Times*, July 20, 1990, sec. A, 8. The *New York Times* article was the only exception. It appears to be a press release with no byline.

⁹⁵¹ Paula Schleis, "Hybrid Contest Gears Up: UA Students Test-Drive Ideas in Competition to Turn GM SUV into Energy-Efficient Vehicle," *Akron Beacon Journal*, January 31, 2007.

message that GM was a technological innovator and that GM had gone above and beyond to meet CAFE requirements and California's regulations.⁹⁵² Finally, the EV1 subverted the environmental movement by appealing to the environmental movement's "fascination with technological solutions" in the 1990s.⁹⁵³ Environmentalists wanted the EV1 and other technological solutions to solve the problem; this helped GM's PR gain traction and distracted from CAFE debates. Similarly, the university programs also reinforced that technological change was tied to the free market by explicitly connecting university progress to GM and corporate involvement. Yet, GM's supposed commitment to meeting standards and developing green technology was undercut by the company's lobbying campaign against CAFE.

GM, GMAC and Habitat for Humanity

GMAC, GM's wholly owned mortgage subsidiary, was involved in a few of GM's CSR efforts, but the most important was Habitat for Humanity, a Christian housing ministry founded by Millard Fuller. The non-profit has been a favorite partner of politicians of all stripes from Jimmy Carter to Newt Gingrich. One trademark quality of the Habitat for Humanity home is that future homeowners are required to put in "sweat equity" in building the home.⁹⁵⁴ "Sweat equity" pairs well with employee volunteerism because employees also put "sweat equity" into their communities by building homes. Habitat for Humanity has a variety of corporate partners from General Motors to Dow to Lowes.⁹⁵⁵ For GM, the partnership with Habitat for Humanity was a form of strategic philanthropy. It offered GMAC the opportunity to make loans to Habitat

⁹⁵² General Motors, *Environmental Health & Safety Report* (Detroit, Michigan: General Motors, 1995).

⁹⁵³ Bradsher, *High and Mighty*, 79.

⁹⁵⁴ Jason Hackworth, "Normalizing 'solutions' to 'government Failure': Media Representations of Habitat for Humanity," *Environment and Planning A* 41 (2009): 2686–2705.

⁹⁵⁵ Habitat for Humanity, "Corporate and Foundation Partners," Habitat for Humanity, n.d., <https://www.habitat.org/about/partners/corporate-and-foundation>.

chapters while constructing low-income housing in GM communities. Many of these communities had agreements with GM that allowed the company to avoid taxation. Thus, GM appeared to act in the best interests of the community, while depriving cities and states of much-needed tax dollars through tax abatements. Overall, GM's Habitat for Humanity CSR was intended to reflect a commitment to the community but was really in GM's interest.

GMAC's 1993 Annual Report stated that Residential Funding Corporation, part of GMAC Mortgage Group, was working with Habitat for Humanity as part of Homes First: Sharing the Dream.⁹⁵⁶ The Annual Report offered little information about the details of the program, other than its focus on Habitat and low-income borrowers in California. The program appeared again in the 1994 Annual Report where GMAC proudly proclaimed that it "stepped up its commitment to affordable housing by increasing its involvement with Habitat for Humanity." The report even included a photo of GMAC employees at a home build on the Lakota Sioux Indian Reservation.⁹⁵⁷ Again, the Annual Report lacked details of how GMAC supported Habitat, but used the photograph alongside statements describing the company's commitment to low-income borrowers to assert that GMAC was more than a lender, it was a member of the community.

A prepared folder on GMAC's financial services featured a packet on GMAC RFC that focused on its social responsibility practices. The packet was intended for a prospective investor and featured testimony from Chief Executive Officer (CEO), Chief Operating Officer (COO) of RFC, and COO of GMAC Mortgage, all of which emphasized GMAC's social responsibility.

⁹⁵⁶ General Motors Acceptance Corporation (GMAC), *1993 Annual Report*, 1994. Box General Motors Acceptance Corporation (GMAC) 1986-1995, Folder 1993 Annual Report. General Collection, GM Heritage Center, General Motors, 15.

⁹⁵⁷ General Motors Acceptance Corporation (GMAC), *1994 Annual Report*, 1995. Box General Motors Acceptance Corporation (GMAC) 1986-1995, Folder 1994 Annual Report. General Collection, GM Heritage Center, General Motors.

For example, the COO of GMAC Mortgage wrote, “No one at GMACM will dispute we’re in this business to make a profit. But when you can make a difference in the lives of those less fortunate in your community, that’s when the real dividends roll in.”⁹⁵⁸ This statement encapsulates the logic of strategic philanthropy. GMAC’s loan program with Habitat was somewhat philanthropic, but also aligned with business goals and profit-making. Through the program, GMAC Mortgage made loans to Habitat chapters that other lending institutions bought shares in. The loans usually had “below-market interest rates,” meaning that GMAC may have been sacrificing some income on these loans while ultimately furthering its business interests.⁹⁵⁹ GMAC reported making loans worth \$1.7 million in North Carolina, with 13 lending institutions participating, and \$2.75 million in loans in California, with 33 lending institutions participating. GM’s strategic philanthropy paid dividends in multiple ways. It was profitable and built connections with the community.

In 1996, GM began partnering with Habitat to build homes in Matamoros, Mexico. Unlike Michigan, this may seem an odd place for GM to flex its CSR muscle, but Matamoros had become a hub of production for GM. Just south of the Texas border, GM could pay Mexican workers much less than their UAW counterparts in Flint, Michigan: \$1 an hour compared to \$22.⁹⁶⁰ Many of these workers were employed by GM’s parts subsidiary, Delphi Automotive Services. GM was incentivized to produce parts in Mexico because Mexico charged no export

⁹⁵⁸ General Motors Acceptance Corporation, “GMAC RFC; GMAC Mortgage,” 1994, GMAC: The Financial Services People from General Motors (Folder), Box General Motors Acceptance Corporation (GMAC) 1986-1995, General Collection, GM Heritage Center, General Motors, 4.

⁹⁵⁹ *Ibid.*, 8.

⁹⁶⁰ Sam Dillon, “INTERNATIONAL BUSINESS; A 20-Year G.M. Parts Migration To Mexico,” *The New York Times*, June 24, 1998.

tax and because of the savings on labor.⁹⁶¹ GM's press release on the build emphasized that social responsibility was related to business opportunities:

We at General Motors have learned that we cannot separate social responsibility from business opportunities... We believe that a 'simple, decent place to live' is a fundamental starting point in improving people's lives. Through this partnership, we expect to be able to improve living conditions and start the process of 'changing lives one family at a time'⁹⁶²

The Brownsville Herald, the newspaper from the city across the Rio Grande from Matamoros, favorably quoted the release.⁹⁶³ According to the *Herald*, the program would build 50 houses in a few Mexican cities near Brownsville. Still, the issue of why GM employees qualified for low-income housing was not raised. In echoes of the early twentieth century welfare capitalism, GM was literally building homes for its workers. Yet, newspaper coverage in GM communities was largely uncritical. Even, the *Detroit Free Press*, which might be concerned with the loss of jobs in Michigan, wrote, "General Motors Corp. is continuing to put its money where its mouth is in creating better communities for its Mexican workers."⁹⁶⁴ The *Brownsville Herald*, quoted a Alejandra Villegas, an employee of a GM subsidiary and Habitat recipient, as saying "The best thing about the house is that so many people worked together to build it."⁹⁶⁵ Through its coverage, the *Brownsville Herald* reinforced GM's desire to build community by building homes.

⁹⁶¹ Ibid.

⁹⁶² General Motors, "Habitat for Humanity and GM Enter into Partnership," July 22, 1996, General Motors Press Releases July - December 1996 (Binder). General Collection, GM Heritage Center, General Motors.

⁹⁶³ Marcial Guajardo, "General Motors donates to Habitat," *The Brownsville Herald*, November 14, 1998.

⁹⁶⁴ Alan L. Adler, "GM Continues to Help Construct Homes for Its Mexican Workers," *Detroit Free Press*, May 1, 1997, 2E.

⁹⁶⁵ John Sevigny, "Habitat Homeowners Move In," *The Brownsville Herald*, May 1, 1997.

Outside of GMAC's project in Mexico, GM and GMAC were active in other GM communities. Pontiac, Michigan, was the site of a Habitat for Humanity project in 2000 that brought together GM, GMAC, the UAW, and the City of Pontiac. It was not uncommon for the UAW to team up with GM on philanthropic efforts and employee volunteerism. In the aftermath of major catastrophes, the UAW and GM often gave joint donations. Rather than offer competing philanthropic efforts, this "family" image demonstrated that GM, its subsidiaries, and its workers were all part of the community in which they operated and that social responsibility united competing factions. Further, the City of Pontiac was involved in the Pontiac project. The city government sold a building to Habitat for \$1. GM and GMAC financed the construction of the home. Workers from GM and GMAC contributed their labor to the home's construction.⁹⁶⁶ The reiteration of the GM family and its positive presence in Pontiac served to reinforce the capacity of the corporation for good, despite the loss of traditional automotive jobs in Michigan and the struggles of the City of Pontiac.

The problems in Pontiac are indicative of the drawbacks of CSR. Coverage in the *Detroit Free Press* described the Pontiac build as helping a neighborhood that was "demolished by neglect."⁹⁶⁷ Ironically, that neglect was in part of the fault of GM and the automotive industry. GM had regularly used tax abatements that deprived the communities in which it operated of tax dollars. In 1980s and 1990s, GM received hundreds of millions in subsidies from federal, state, and local governments.⁹⁶⁸ However, state and local governments suffered most because they lost

⁹⁶⁶ General Motors, "General Motors, GMAC, UAW Local 594 and the City of Pontiac Partner with Habitat for Humanity on Home Construction Project [Online]," April 19, 2000, GM Media Archive, General Collection, GM Heritage Center, General Motors.

⁹⁶⁷ Hugh McDiarmid, Jr., "Place to Call Home," *Detroit Free Press*, June 25, 1997.

⁹⁶⁸ Colleen Fitzgerald, "For GM, Tax Breaks Then and Headaches for Now," *U.S. News & World Report*, February 22, 1993; William Serrin, "Huge New G.M. Plant, Like Many, to Get Subsidies," *New York Times*, February 25, 1981, <https://www.nytimes.com/1981/02/25/us/huge-new-gm-plant-like-many-to-get-subsidies.html>.

tax dollars and lost out when GM closed plants. For example, in 1993, GM closed the Willow Run Assembly Plant in Ypsilanti, Michigan. The city sued GM for promising to keep the plant open to receive tax abatements.⁹⁶⁹ Ultimately, the city lost because the Michigan state court ruled that GM did not really promise to keep the plant open and could not be held accountable for a promise that they did not make.

GM's logic of seeking tax abatements and subsidies in the 1990s and 2000s, while also committing itself to CSR in GM communities exemplifies the logic of CSR. GM was unwilling to put millions into tax dollars in its communities that might have been spent on education or social services that could have helped low-income families or given them jobs. Instead, GM opted for a private alternative, Habitat for Humanity. Habitat for Humanity is often positioned as a solution for "government failure" because it provides a private alternative to public housing.⁹⁷⁰ Yet, Habitat for Humanity is not as successful as government housing programs. Its scope is limited, and its volunteer-built homes have been criticized for their quality. Like the child safety CSR programs, there are some benefits, such as homeownership for people who might not have had a chance to own a home otherwise.⁹⁷¹ However, this CSR also serves an opportunity for corporate sponsors to avoid taxation. Viewed in this light, GM is making contributions to a Christian housing program that is less comprehensive than a government program that would be supported by tax dollars.

GM, GMAC, and GM's other subsidiaries participated in a variety of home builds in communities where the company operated worldwide from Detroit and Atlanta to Canada and

⁹⁶⁹ John Borsos, "The Judge Who Stood Up to G. M.," *The Nation*, April 12, 1993.

⁹⁷⁰ Hackworth, "Normalizing 'solutions' to 'government Failure.'"

⁹⁷¹ Iris Phillips et al., "Homeownership Impact on Habitat for Humanity Partner Families," *Social Development Issues* 31, no. 3 (2009): 48–65.

Poland.⁹⁷² GMAC press releases often included the number of homes built and emphasized the extent of the subsidiary's commitment to Habitat. For example, a 2006 press release stated that GMAC had participated in the construction of over 100 homes since 2002.⁹⁷³ With each press release, GM emphasized the worldwide community of GM employees and their families and described how GMAC and GM employees literally used their labor to construct homes and improve livelihoods in their communities. While GMAC's employee volunteerism and corporate philanthropy may have aided people in GM communities, it also served a purpose as a public relations vehicle to advance GM and GMAC as a force of good in those communities, despite GM's avoidance of taxation through tax deductible donations to Habitat for Humanity and tax abatements. GM has continued to seek tax abatements in recent years, including in Orion Township near Pontiac, Michigan.⁹⁷⁴ Yet, despite promises to stay, the Ypsilanti case shows that corporations can leave even after being granted long-term tax abatements. GM is not the only company that pushes for tax breaks. Amazon has closed warehouses and left states to seek lower taxes or more favorable political climates.⁹⁷⁵ In a 2018 Gallup poll, 66% of Americans said that corporations did not pay enough in taxes.⁹⁷⁶ GM's strategy is reflective of the shift from accountable corporate citizens through taxation to unaccountable CSR.

⁹⁷² General Motors, "Habitat for Humanity International and GMAC Financial Services Partner with Families in Need to Build Homes [Online]," November 18, 2002, GM Media Archive, General Collection, GM Heritage Center, General Motors.

⁹⁷³ General Motors, "GMAC Helps Make Homeownership Dream a Reality [Online]," November 3, 2006, GM Media Archive, General Collection, GM Heritage Center, General Motors..

⁹⁷⁴ Joseph Szczesny, "GM Chooses Orion Township Plant," *The Oakland Press*, June 26, 2009, https://www.theoaklandpress.com/news/gm-chooses-orion-township-plant/article_d51e70a1-90e1-5387-b2fb-d35e26daf725.html.

⁹⁷⁵ Karen Weise, Manny Fernandez, and John Eligon, "Amazon's Hard Bargain Extends Far Beyond New York," *The New York Times*, March 3, 2019, <https://www.nytimes.com/2019/03/03/technology/amazon-new-york-politics-jobs.html>.

⁹⁷⁶ Gallup Inc, "Taxes," Gallup, 2018, <https://news.gallup.com/poll/1714/taxes.aspx>.

Conclusion

This chapter has described how GM used greenwashing to cover for its anti-CAFE lobbying and reinforce the neoliberal vision of the relationship between the corporation and the community. GM engaged in greenwashing by presenting its technological developments as within reach, while its business and marketing practices continued to emphasize vehicles that were not fuel efficient. GM also continued to lobby against CAFE with the goal of saving the SUV marketplace. This demonstrated that GM was only committed to electric vehicles when required to do so by law or as a short-term gimmick. I also discussed how GM partnered with Habitat for Humanity in communities around the world while at the same time negotiating tax abatements and subsidies by threatening to take jobs elsewhere. Without tax abatements, GM would have provided more in tax dollars than it did to local Habitat for Humanity chapters. Those millions of dollars could have gone to social services and other programs that would have provided long-term solutions for problems facing GM communities.

Chapter 4 showed how GM used financial promotions to sell SUVs. However, the surge in SUVs also spawned widespread criticism that the vehicles were unsafe and bad for the environment. As described in chapter 5, GM countered this message with safetywashing, such as a CSR program on child safety. GM's anti-CAFE lobbying campaign reinforced the message that SUVs were safe by claiming that CAFE would force drivers to drive small cars that were unsafe. GM and the auto industry reshaped the debate around CAFE in Congress and in the media. In the end, the EISA confirmed that CAFE standards could have a negative effect on safety. Corporate propaganda had become law. In 2008, GM sought to distance itself from GMAC and SUVs by arguing that the corporation was simply a manufacturer that had fallen on hard times as I discuss

in the next chapter. However, this argument belies the commitment that GM had made to both GMAC and SUVs during the two decades preceding the bailout.

CHAPTER 7: THE *FREE PRESS* AND THE AUTO BAILOUT

Introduction

By late 2007, the U.S. auto industry had pushed heavily into SUVs. Unfortunately, SUV sales began to fall that year because of high gas prices. At the same time, GMAC began to suffer heavy losses from GMAC's subprime mortgage business. In 2007, GM attempted more 0% financing sales, but it would not be enough to save the auto manufacturer.⁹⁷⁷ The losses from GMAC's mortgage holdings and GM's lackluster sales began to take a toll. Detroit was in freefall, with GM and Chrysler likely to go bankrupt. Ford managed to salvage itself, but it viewed GM's and Chrysler's survival as crucial to the survival of the U.S. auto industry. In 2008, GM faced the enormous task of persuading an unwilling public that the government should bail out the corporation. This chapter addresses how the *Detroit Free Press*, GM's hometown newspaper, presented that debate. I argue the *Detroit Free Press* was compromised by its decades-long relationship with GM as an advertiser, meaning that its coverage of the bailout was entirely pro-GM, with no attention to consumer issues. Although the bailout largely came with no strings attached, I conclude by discussing how the auto industry has recently fought back against the paltry regulations implemented after the bailout.

As I described in both the introduction and Chapter 2 on promotional communication, advertising has served as a crucial source of funding for commercial media outlets. Unfortunately, it also serves as gateway to influence from advertisers, a key focus of this chapter. I have also previously described how GM and its dealers were some of the biggest U.S. advertisers during this period. The advertising industry feared that GM's bankruptcy would

⁹⁷⁷ John D. Stoll, "GM Reverses Tough Stance on Incentives; Rivals' Aggressive Deals, Higher Inventories Spur 0% Financing on Pickups," *Wall Street Journal*, July 31, 2007.

negatively impact the industry and ad-supported commercial media. Thus, GM's survival after the bailout was important not only to auto workers, suppliers, and other directly connected to the auto industry, but also those connected through other financial ties, like advertising and public relations. I previously discussed how auto manufacturers are part of the "auto industrial complex," which has influenced a variety of policies, including safety and environmental regulations. This chapter weaves these threads together to discuss how GM wielded its influence over the media and government during the bailout.

In this chapter, I first review the literature related to the relationship between public relations, advertising, and journalism. Then, I provide a historical overview of the newspaper industry in Detroit. Next, I discuss the joint operating agreement (JOA) between the *Detroit Free Press* and the *Detroit News*, as well as criticism of the JOA. I then turn to an example of how GM influenced news around safety regulations in the 1990s before examining the financial crisis and explain how the auto manufacturers and their allies defended the auto bailout. Finally, I discuss missed opportunities for reform during the bailout.

Literature Review

In the introduction and Chapter 2, I briefly described the constraints of the commercial news media. This literature review expands on that discussion through a historical narrative about the newspaper industry. The newspaper industry transformed during the late nineteenth and early twentieth centuries from one defined by independent, local, party-affiliated newspapers to national chains. Chains relied heavily on advertising, and the desire for ad dollars drove some outlets to rely on "yellow journalism" to sell papers.⁹⁷⁸ In *The Brass Check*, Upton Sinclair

⁹⁷⁸ Robert W. McChesney, *The Political Economy of Media: Enduring Issues, Emerging Dilemmas* (New York: Monthly Review Press, 2008).

described how newspapers were willing to overlook advertisers' misconduct or comment favorably on their advertisers.⁹⁷⁹ Criticism launched against corrupt newspapers led to the creation of professional journalism with an emphasis on editorial independence and neutrality. Unfortunately, these standards prioritized "achieving factual accuracy and on not... questioning the basic infrastructure of an often corrupt and dysfunctional status quo."⁹⁸⁰ Professional journalism became defined by a propensity to question within the bounds of elite debate and neutrality between two sides, regardless of factual accuracy. In addition, professional standards increased the reliance on official sources, limiting the range of debate and coverage of issues on which official sources agree.⁹⁸¹ Professional journalism's problems intensified as newspapers became more dependent on advertising and as media conglomerates grew.

Media conglomerates are vertically and horizontally integrated. Horizontal integration means that conglomerates own companies in different areas of media production, such as television and film. Vertical integration means that they own companies at different levels of production, such as production and distribution of television shows.⁹⁸² News outlets are often part of conglomerates, which put pressure on their news divisions to be profitable. Mergers in the media industries can thus lead to "negative externalities for journalism."⁹⁸³ Vertically and horizontally integrated media conglomerates strive for synergy. For example, Disney released *Hercules* books, CDs, and films at the same time to take advantage of synergy between its holdings. The desire to placate corporate owners does not encourage news that is critical of those

⁹⁷⁹ Mark Lloyd, *Prologue to a Farce: Communication and Democracy in America* (Urbana: University of Illinois Press, 2006).

⁹⁸⁰ McChesney, *Dollarocracy*, 174.

⁹⁸¹ McChesney, *Digital Disconnect*.

⁹⁸² Ben H. Bagdikian, *The New Media Monopoly* (Boston: Beacon Press, 2004).

⁹⁸³ C. Edwin Baker, *Media, Markets, and Democracy* (Cambridge: Cambridge University Press, 2002).

with economic or political power.⁹⁸⁴ For example, Janet Wasko found that ABC news declined to cover a story about labor issues at Disney's amusement parks. Disney, as ABC's corporate owner, may have exerted pressure for ABC not to cover the story.⁹⁸⁵ This corporatization of the press "removes the press as a buffer between corporations and the public sphere."⁹⁸⁶ Journalism, which should advocate on behalf of the public and those in power to account, has become disconnected from the public.

Journalism's role as a public advocate has been hampered by its relationship with advertisers. Corporate influence can come through lucrative relationships from product advertising and the placement of issue ads. Although advertising is usually associated with products, issue advertising is an important lobbying and PR tactic.⁹⁸⁷ Issue advertisements attempt to influence the public, attempting to change attitudes or motivate the public to act for or against policies. Issue advertisements may also be used as an alternative method to reach out to legislators and encourage them to lobby their colleagues.⁹⁸⁸ Like other forms of PR and lobbying, corporate spending vastly out-numbers citizens' groups, about 5 to 1, and unions, about 100 to 1.⁹⁸⁹ In Washington, D.C., 80% of issue ads were sponsored by corporations. Even in the *New York Times*, issue advertisements heavily outnumbered those from unions and citizens' groups. These ads affect how citizens view policy debates and appear alongside journalism. In addition, as with corporate owners, advertisers shape news. Publishers frequently

⁹⁸⁴ Ibid.

⁹⁸⁵ Wasko, *Understanding Disney*.

⁹⁸⁶ David S. Allen, *Democracy, Inc.: The Press and Law in the Corporate Rationalization of the Public Sphere* (Urbana: University of Illinois Press, 2005), 104.

⁹⁸⁷ Richard L. Hall and Richard Anderson, "Issue Advertising and Legislative Advocacy in Health Politics," in *Interest Group Politics*, ed. Allen J. Cigler and Burdette A. Loomis (Washington, DC: CQ Press, 2012), 221–42.

⁹⁸⁸ Ibid.

⁹⁸⁹ Ibid., 138.

bias content in favor of advertisers or avoid stories that hurt them.⁹⁹⁰ A Pew Research Center study found that local news was shaped by auto dealers who are major local advertisers in many communities, as I discuss below.⁹⁹¹

In addition to the pressures of conglomerates, journalism's democratic potential has been compromised by the crisis in commercial journalism. Although online publishing has lowered expenses, revenue from online ads is much lower than revenue from print ads. Newspapers are now even more dependent on advertising but make less from online advertising fees.⁹⁹² Total advertising revenue for newspapers has plummeted, despite increases in online ads.⁹⁹³ Unfortunately, this has affected the overall quality of journalism through the adoption of techniques like "native advertising," where promotion is worked into what appears to be legitimate news.⁹⁹⁴ Newspapers have also been forced to cut reporters and staff. The *New York Times*, for instance, announced plans to reduce the number of copy editors significantly in 2017.⁹⁹⁵ Newspapers and their websites must maximize their appeal to advertisers, meaning that hard news stories may be overlooked or given less resources in favor of "soft" news, like celebrity gossip, that attracts viewers and readers.

The funding crisis is particularly acute for newspapers, which are the source of most original reporting.⁹⁹⁶ As journalism's struggles deepened during the twentieth and twenty-first centuries, PR and lobbying have taken advantage of the opportunity. PR is given more credence

⁹⁹⁰ McChesney, *The Political Economy of Media*, 49.

⁹⁹¹ Pew Research Center: Journalism and Media Staff, "News for Sale," Pew Research Center, November 1, 2001, <http://www.journalism.org/2001/11/01/news-for-sale/>.

⁹⁹² McChesney, *Digital Disconnect*.

⁹⁹³ Ibid.

⁹⁹⁴ Joseph Turow, "Media Buying: The New Power of Advertising," in *The Routledge Companion to Advertising and Promotional Culture*, ed. Matthew P. McAllister and Emily West (New York: Routledge, 2013), 99–111; McChesney, *Digital Disconnect*.

⁹⁹⁵ Sydney Ember, "Times Staff Members Protest Cuts and Changes to News Operation," *New York Times*, June 29, 2017, <https://www.nytimes.com/2017/06/29/business/media/new-york-times-staff-members-protest-cuts.html>.

⁹⁹⁶ McChesney, *Digital Disconnect*.

thanks to the close relationship between public relations professionals and journalists. PR professionals cultivate relationships with journalists to get press releases published. These releases may be published outright or used as source material supplemented with other reporting. Even if the press release is used as supplementary material, it serves as an opportunity for corporations to help fill the news hole with PR fluff, as in the case of the Habitat for Humanity building project described in an earlier chapter. Because of the decline in revenue online, newspapers rely more on press releases and PR materials as article sources, instead of producing original reporting. In the past, about 40% of newspaper articles were derived from press releases; today, the number is up to about 86% for some papers.⁹⁹⁷ Professional journalism often reaches “balance” by publishing competing press releases. Journalism’s increasing reliance on PR is a boon to lobbyists who want to promulgate their narrative to the public.

Ideally, journalism should serve as the “Fourth Estate” within a democracy, holding those in power accountable.⁹⁹⁸ This is particularly true during critical junctures when the public has an opportunity to shape public policy for generations. Acting as the “Fourth Estate” requires journalism that makes complex political issues understandable to the public, so that citizens can make informed decisions.⁹⁹⁹ Unfortunately, funding has dried up because newspapers are earning less from subscription fees and all forms of advertising. This means there are fewer journalists and less funding available for investigative reports. Public relations practitioners now outnumber working journalists. Consequently, promotional industries, like advertising and PR, have stepped up to fill the editorial void using paid content.¹⁰⁰⁰ As corporate owners balance expenses and revenue in online journalism, there is one clear loser: the public. The next section will trace the

⁹⁹⁷ Cutlip, *The Unseen Power*; McChesney, *Digital Disconnect*.

⁹⁹⁸ McChesney, *The Political Economy of Media*, 49; McChesney, *Digital Disconnect*, 82 - 91.

⁹⁹⁹ McChesney, *Digital Disconnect*, 83.

¹⁰⁰⁰ Ibid.

transformation of the *Detroit Free Press* as an example of the historical trajectory discussed in this section.

Historical Background

During the twentieth century, the *Detroit Free Press* went from a family owned paper to part of a newspaper to part of a conglomerate in a two-paper town. Its journey mirrored the journeys of many papers across the U.S. that became part of chains and joint operating agencies to save on costs. By 1960, the city of Detroit had only two papers: the *Detroit Free Press* and the *Detroit News*. Thirty years later, those two papers would be united under a joint operating agreement which fused the business side of the papers, while striving to keep them editorially independent. The *Free Press* was originally founded in 1831, but in 1940, it would be purchased by John S. Knight, who made it part of the Knight Ridder publication family.¹⁰⁰¹ When the *Detroit Times* folded in 1960, it launched decades of competition between the *Free Press* and the *News* that would culminate in the unlikely fusion of the two papers.

In September 1959, the *Free Press* was winning the subscription war against the *News*. The *Free Press* moved to secure former *Times* subscribers to become the top paper in Detroit. Unfortunately, the *News* had purchased the *Times*' assets, including the physical subscription lists.¹⁰⁰² Although the *News* owned the physical subscription lists, most of the carriers were not needed. The *Free Press* took advantage of the opportunity to hire former *Times* carriers to deliver the *Free Press* to former *Times* subscribers for free.¹⁰⁰³ In addition, both papers offered insurance to their subscribers mirroring a gimmick the *Times* used insurance to lure subscribers.

¹⁰⁰¹ Frank Angelo, *On Guard: A History of the Detroit Free Press* (Detroit, Michigan: The Detroit Free Press, 1981).

¹⁰⁰² Ibid.

¹⁰⁰³ Angelo, *On Guard*; Bryan Gruley, *Paper Losses: A Modern Epic of Greed and Betrayal at America's Two Largest Newspaper Companies* (New York: Grove Press, 1993).

The *Free Press* also added more sections to mimic former *Times* offerings.¹⁰⁰⁴ Even as the papers fought over *Times* subscribers, surveys indicated that most subscribers were not bothered by the loss of their paper, perhaps a commentary on the sad state of professional journalism in Detroit.¹⁰⁰⁵ Ultimately, with control of the *Times*' assets, the *News* lured more *Times* subscribers, and by 1962, the *News* had higher circulation than the *Free Press*.¹⁰⁰⁶

Labor was important for both newspapers, not only because Detroit was a labor town, but also because both newspapers employed thousands of unionized workers ranging from Teamsters to Newspaper Guild members. The fates of both papers, as with the city of Detroit, was tied to the automotive industry. Coverage of the automotive industry would not be complete without coverage of labor issues. A *Free Press* journalist won a Pulitzer in 1954 for coverage of the Chrysler strike and another in 1956 for his coverage of the 1956 UAW negotiations.¹⁰⁰⁷ In the 1950s and 1960s, labor relations at both newspapers were particularly fraught because of a series of work stoppages. From December 1, 1955 to January 17, 1956, workers struck at the *Free Press* and produced their own paper, "The Detroit Reporter."¹⁰⁰⁸ The *Free Press* suffered two more strikes in 1964 and 1968, including one lasting more than 134 days.¹⁰⁰⁹ Labor issues would continue to plague both newspapers, even after negotiation of a Joint Operating Agreement between the *Free Press* and the *News* in the 1980s.

In 1974, Knight Newspapers merged with Ridder Publications to become Knight Ridder.¹⁰¹⁰ Like the *Free Press*, the *News* would soon become part of a chain of daily

¹⁰⁰⁴ Angelo, *On Guard*.

¹⁰⁰⁵ Ibid., 19.

¹⁰⁰⁶ Gruley, *Paper Losses*.

¹⁰⁰⁷ Angelo, *On Guard*, 209, 225.

¹⁰⁰⁸ Ibid., 228.

¹⁰⁰⁹ Gruley, *Paper Losses*, 191; Angelo, *On Guard*.

¹⁰¹⁰ Angelo, *On Guard*.

newspapers. The *Free Press* and the *News* battled over customers in one of the largest newspaper markets in the country. Advertising fees were kept low, so there were high losses.¹⁰¹¹ In 1985, the Scripps family sold the *News* to Gannett after losing millions of dollars a year.¹⁰¹² Shortly after Gannett purchased the *News*, Knight-Ridder and Gannett began to consider whether a Joint Operating Agreement would be beneficial to both papers and their corporate owners.

The Detroit Joint Operating Agreement

A Joint Operating Agreement (JOA) is an agreement between two newspapers to merge business operations while maintaining separate editorial offices. The JOA was created in 1933 due to losses from the Great Depression.¹⁰¹³ Over the next thirty years, newspapers across the country entered into JOAs. In 1969, in *Citizen Publishing Co. v. the United States*, the Supreme Court ruled that the JOA between the *Tucson Daily Citizen* and *Arizona Daily Star* was illegal.¹⁰¹⁴ At the time, there were more than twenty JOAs, making this antitrust ruling a threat to newspaper publishers that were part of JOAs. A key issue in the case was whether chains should be part of JOAs. At the time, more than half of JOAs involved chain ownership. In response to the *Citizen Publishing* ruling, newspapers lobbied Congress for a solution: The Newspaper Preservation Act (NPA).

The NPA of 1970 was originally called the Failing Newspaper Bill. The Act allowed newspapers to merge their business operations but maintain separate editorial boards for editorial

¹⁰¹¹ Gruley, *Paper Losses*.

¹⁰¹² Ibid.

¹⁰¹³ Gruley, *Paper Losses*; Ron Rodgers et al., "Two Papers in Joint Operating Agreement Publish Meaningful Editorial Diversity," *Newspaper Research Journal* 25, no. 4 (Fall 2004): 104–9.

¹⁰¹⁴ Stephen R. Barnett, "Monopoly Games - Where Failures Win Big," *Columbia Journalism Review*, June 1980, 40–47; Rodgers et al., "Two Papers."

diversity.¹⁰¹⁵ The law specifically allowed papers to merge if one paper was in danger of failing. Congress passed the NPA thanks to intense lobbying by newspaper publishers without consideration of how to define a failing newspaper or whether the NPA was the best way to promote editorial diversity. In fact, Richard Berlin, the president of Hearst, had written Nixon urging him to support the NPA. Both the Hearst and Scripps-Howard chains endorsed Nixon because they were part of many JOAs.¹⁰¹⁶ Because of the growing dominance of newspaper chains, some critics argued that JOAs simply meant more profits for large publishers who could share monopoly control over a city.¹⁰¹⁷

JOAs were intended to preserve newspaper editorial diversity in a time of rapid newspaper closures. Yet, critics have charged that JOAs fail to preserve diversity, ultimately serving as a profit-maker for newspaper chains. For example, in Miami, the JOA between the *Miami Herald* and the *Miami News* ultimately resulted in Cox collecting money from the JOA for thirty-three years after the *Miami News* closed. As Bryan Gruley put it, “In an incredible something for nothing deal, Cox was, in effect, getting paid *not* to publish a newspaper.”¹⁰¹⁸ Cox earned about \$165 million from the deal, but, despite a Department of Justice investigation, was never held accountable.¹⁰¹⁹ Cox’s misuse of the JOA demonstrates how, in some cases, promised editorial diversity failed to appear when the second newspaper closed, leaving the owner to reap the profits from the JOA.

The foremost purpose of the JOA is to create editorial diversity where there would be none. Some studies have suggested that a JOA succeeds in producing more news than a single

¹⁰¹⁵ Gruley, *Paper Losses*.

¹⁰¹⁶ Stephen R. Barnett, “The JOA Scam,” *Columbia Journalism Review*, December 1991, 47–48.

¹⁰¹⁷ Gruley, *Paper Losses*.

¹⁰¹⁸ *Ibid.*, 346.

¹⁰¹⁹ *Ibid.*, 348.

paper monopoly but fails to produce the same diversity as two separately owned papers.¹⁰²⁰

Newspapers in a JOA may have some differences in coverage, but those differences may be mild, such as one paper supporting President George W. Bush in slightly fewer instances than the other.¹⁰²¹ Other editorial differences, such as an emphasis on local news, may also be present.¹⁰²² Further complicating the issue is that Department of Justice does not have a means for investigating editorial diversity,¹⁰²³ nor has it really considered what the term means, as both papers may lockout other viewpoints.

JOAs preserved some newspapers, but often at a cost to news diversity in the community. However, JOAs were incredibly beneficial for publishers because, as with Cox in Miami, they gained monopoly control over a city. The *Free Press* and the *News* had both been losing money for years causing Scripps and Knight-Ridder to secretly consider a JOA since 1980. However, they failed to come to an agreement until Gannett bought the *News*. As Ruth Bader Ginsberg noted in her dissent in the later D.C. Court of Appeals case, Gannett only agreed to buy the *News* once it received confirmation that Knight-Ridder would be willing to be part of a JOA.¹⁰²⁴ In April of 1986, the papers agreed to a 100-year JOA, with *Free Press* as the morning paper and the *News* as the afternoon paper. The newspapers would roughly share the profits, with a slight advantage to the *News* for the first five years of the agreement.¹⁰²⁵ The papers submitted the JOA to the Attorney General for review, which began a years-long process of assessing whether the

¹⁰²⁰ Stephen Lacy, "Impact of Repealing the Newspaper Preservation Act," *Newspaper Research Journal* 11, no. 1 (Winter 1990): 2–11.

¹⁰²¹ Ron Rodgers et al., "Two Papers."

¹⁰²² *Ibid.*

¹⁰²³ Robbie Steel, "Joint Operating Agreements in the Newspaper Industry: A Threat to First Amendment Freedoms," *University of Pennsylvania Law Review* 138, no. 1 (November 1989): 275–315.

¹⁰²⁴ *Michigan Citizens for an Independent Press, et al., Appellants v. Richard Thornburgh, United States Attorney General, et al*, 868 F.2d 1285 (D.C. Cir. 1989).

¹⁰²⁵ *Ibid.*

Free Press was failing. The drawn-out review would end with a Supreme Court case affirming the JOA and the NPA.

There were two key issues in the debate over the JOA. The first was whether the *Free Press* was failing, and, if so, whether it would close. The second was whether another newspaper would emerge to take the place of the *Free Press* in the event of closure.¹⁰²⁶ After a preliminary investigation by Attorney General Edwin Meese's office, the papers argued their position before an administrative law judge. The Detroit newspapers argued that a JOA was necessary for three reasons: "(1) the *Free Press*'s losses were severe and irreversible; (2) the shrinking Detroit market could no longer support two major dailies; and (3) the *Free Press* could not overcome the *News*'s leads in a plethora of circulation and advertising categories."¹⁰²⁷ It was not clear to the Department of Justice or the Detroit community that any of these arguments were true. The judge ruled that the papers had not proved that the *Free Press* was in danger of closure and that both papers could reverse some losses if they raised subscription prices and advertising rates.¹⁰²⁸ Despite the judge's determination, Attorney General Meese determined that the JOA could proceed.¹⁰²⁹ Before the JOA could be finalized, the opponents moved to appeal the decision. There were two primary opponents to the JOA in Detroit: the newspaper unions and the community.

From the beginning, the unions opposed the JOA. From the Teamsters to the Newspaper Guild, the JOA threatened papers' unions with the prospect of job losses and loss of union protection for some workers. The Newspaper Guild was already struggling in the 1980s due to loss of membership. A JOA in Detroit would mean that some members would no longer be part

¹⁰²⁶ Gruley, *Paper Losses*.

¹⁰²⁷ Ibid., 168.

¹⁰²⁸ Ibid.

¹⁰²⁹ Gruley, *Paper Losses*; Michigan Citizens for an Independent Press, et al (D.C. Cir. 1989).

of the union because they would be employed by the Detroit Newspaper Agency (DNA) instead of the papers.¹⁰³⁰ The DNA would not have to abide by union contracts and would be under the partial control of Gannett, known for its anti-union policies. The Newspaper Guild and other unions worked desperately to secure contracts that would offer benefits to workers forced into retirement because of the merger and protect their members.¹⁰³¹ Unfortunately, the Newspaper Guild membership began to waiver on the issue, resulting in a contentious vote for the union to continue to fight the JOA, but causing a loss of unity.¹⁰³²

In addition to the unions, John Kelly, a Michigan state senator who opposed the JOA, formed the Michigan Citizens for an Independent Press with a local publisher, local advertisers, and a couple of *Free Press* and *News* employees. After Michigan Citizens challenged the JOA, it grew quickly to an organization of 500 members.¹⁰³³ Michigan Citizens argued that the Attorney General's decision had neglected the facts put forth by the administrative law judge: that the *Free Press* had not yet failed, and that Detroit could sustain two newspapers. Michigan Citizens got the JOA postponed until the D.C. Court of Appeals could hear the case. The D.C. Court of Appeals ruled in favor of the JOA, affirming that Attorney General's position that it was reasonable to assume that the *Free Press* would fail, despite the Department of Justice's anti-trust concerns. Even if the *Free Press* could recover, the possibility that it might not was enough to allow the two papers to merge and share the profits from the Detroit market. Michigan Citizens appealed to the Supreme Court, but a 4-4 decision ultimately affirmed the D.C. Court of Appeals decision in 1989.¹⁰³⁴

¹⁰³⁰ Gruley, *Paper Losses*, 189.

¹⁰³¹ Ibid.

¹⁰³² Ibid.

¹⁰³³ Ibid.

¹⁰³⁴ Ibid.

News and Auto Safety

The JOA merged the business operations of the *Free Press* and the *News* with the goal of increasing editorial diversity and spending on journalism by allowing the companies to share advertising and business operations. In 1995, a protracted strike at both papers began when management refused to sign a collective bargaining agreement with the news staff. The striking workers published the *Detroit Sunday Journal* from 1995 through the end of the strike in 1999. In November 1999, ten years after the Detroit JOA was finalized, the *Sunday Journal* reported that the JOA had failed to produce editorial diversity. The financial problems and journalistic decline after the JOA had been accelerated by the strike.¹⁰³⁵ Outside of the problems of the JOA, Detroit's news scene was dominated by the auto industry. The health of papers in Detroit had long been tied to the health of the auto industry, from award-winning coverage of labor struggles to ad dollars from dealers and manufacturers. Other newspapers also maintained Detroit bureaus to cover the auto industry. As I observed in Chapter 3, journalist Keith Bradsher was usually alone in his safety critiques because most of the Detroit press considered them too one-sided. The reaction of other journalists in the Detroit reflects the problems of the commercial media and the influence of the auto industry over news coverage.

For decades, GM's public relations problems primarily concerned safety issues and the press coverage generated from them. In the 1990s, GM began to alter its tactics and more forcefully counter bad publicity, even going so far as to threaten ad dollars. The most famous story of GM's willingness to fight safety regulations was the case of side-saddle fuel tanks in C/K model trucks manufactured from 1973 to 1987. The problems began before the trucks were

¹⁰³⁵ Michael Betzold, "10-Fold: It's Been a Decade of Decadence for JOA in Detroit," *Detroit Sunday Journal*, November 7, 1999.

even produced. In 1964, GM designers decided to put truck fuel tanks outside the frame, in order to allow the trucks to hold more fuel. Their goal was to make the truck more marketable, despite recommendations from engineers that the fuel tank should be placed inside the frame.¹⁰³⁶ Initial concerns went unheeded, despite further tests in 1973 that indicated outside fuel tanks should be moved inside to reduce fuel leakage. In the 1980s, GM considered some possible changes to make the fuel tanks safer, but none were implemented.¹⁰³⁷

The fuel tank issue boiled over in the 1990s. GM faced multiple lawsuits from individuals whose family members had been killed in crashes involving C/K model trucks and fires. On August 14, 1992, the Center for Auto Safety and Public Citizen asked the National Highway Traffic Safety Administration (NHTSA) to recall the C/K model trucks.¹⁰³⁸ On November 17, 1992, a *Dateline* segment covering the potential safety issue featured a GM pickup truck bursting into flames.¹⁰³⁹ Less than a month later, the NHTSA opened an investigation into the trucks. With the pressure from an NHTSA investigation and multiple court cases, GM faced the possibility of a costly recall or costly repairs to the trucks. A recall would deal a massive blow to GM's reputation and sales, particularly because trucks are one of the most profitable areas for U.S. auto manufacturers.

In January 1993, GM began researching the production of the initial *Dateline* segment. GM discovered that *Dateline* had added elements to the engine to ensure that a fire would result from the side impact crash depicted on screen. This information played heavily into GM's PR campaign. GM also criticized NBC for relying on lawyers bent on defaming GM for the story.

¹⁰³⁶ Clarence Ditlow, "History of the GM Side Saddle Gas Tank Defect," The Center for Auto Safety, November 9, 2002, <https://www.autosafety.org/history-gm-side-saddle-gas-tank-defect/>.

¹⁰³⁷ Ibid.

¹⁰³⁸ Ibid.

¹⁰³⁹ "News-Rigging at NBC," *Advertising Age* 64, no. 7 (February 15, 1993): 22.

On February 8, 1993, GM launched its counter campaign against *Dateline*. The company began by filing a defamation suit against NBC, arguing the network¹⁰⁴⁰ had “irresponsibility portray[ed] that GM’s 1973-1987 full-size pickup trucks are prone to fires in side impact collisions.”¹⁰⁴¹ Further GM alleged, “the [*Dateline*] program was part of an orchestrated campaign by plaintiff lawyers and others to create a ‘poisoned’ public and litigation climate in which an objective engineering evaluation and fair assessment are very difficult.”¹⁰⁴² Thus, GM positioned the program as part of a vast conspiracy, language that would later be mimicked in the corporate campaign for tort reform.

Clarence Ditlow, founder of the Center for Auto Safety and Ralph Nader’s associate, was at the center for the battle over GM’s truck safety, just as he was at the center of many battles with auto companies in the late twentieth century.¹⁰⁴³ With a background in engineering and law, Ditlow could confidently testify on issues related to auto safety, making him a threat to the auto industry. In a February 9, 1993 press release, GM claimed that Clarence Ditlow was not “interested in permitting the American public to hear a dispassionate, scientific, and objective consideration of this pickup truck issue.”¹⁰⁴⁴ Yet, GM would never consent to a public debate of the issue because it would risk exposure of the flaws in the fuel tank design.

Following GM’s accusations that NBC had mislead the public about the demonstration, NBC promptly issued an apology on February 9, 1993. In the apology NBC specifically laid out

¹⁰⁴⁰ Ibid.

¹⁰⁴¹ General Motors, “GM Files Lawsuit against NBC Charging Truck Fires Were Rigged,” February 8, 1993, General Motors Press Releases January - December 1993 (Binder). General Collection, GM Heritage Center, General Motors, 1.

¹⁰⁴² Ibid., 1.

¹⁰⁴³ Robert D. McFadden, “Clarence M. Ditlow, Auto Safety Crusader, Dies at 72,” *The New York Times*, November 11, 2016, <https://www.nytimes.com/2016/11/12/business/clarence-ditlow-died.html>

¹⁰⁴⁴ General Motors, “General Motors Spokesperson Statement Regarding Clarence Ditlow Announcement, February 9, 1993,” February 9, 1993, General Motors Press Releases January - December 1993 (Binder). General Collection, GM Heritage Center, General Motors.

that there had been additional incendiary devices to ensure a fire, that a hole had been made in the tank to increase the likelihood of a fire, and that the speeds of the vehicle had been misrepresented.¹⁰⁴⁵ NBC also agreed to pay for the cost of GM's investigation, which was later estimated to be \$2 million.¹⁰⁴⁶ Scholarly analysis concluded that "GM managed to divert a substantial amount of subsequent media coverage from NBC's claims against them, despite jury verdicts and regulatory findings that the company's trucks posed a significant danger to their owners."¹⁰⁴⁷ To the extent that there was public attention to the truck's safety issues, it was due to the persistence of the Center for Auto Safety and Public Citizen, which were notably omitted from GM's discussion of the timeline of NBC scandal.

In *Understanding Disney*, Janet Wasko describes how ABC shut down a labor story about Disney because Disney is ABC's corporate owner. Similar dynamics were at play in the GM-NBC scandal. On February 8, 1993, GM threatened NBC with litigation. However, litigation was not the only factor in NBC's quick concession. GM's weight as a massive advertiser and a corporate partner of NBC's corporate owner, General Electric, also played a role. GM removed its advertising from NBC News programs when it announced that NBC had botched the truck demonstration, shifting ad dollars to entertainment and sports instead.¹⁰⁴⁸ As one of the biggest advertisers in the U.S. and a \$90 million advertiser for NBC, moving their advertising likely had weight in the decision. However, there was no investigation of whether GM's decision to move its advertising represented a flaw in commercial journalism model,

¹⁰⁴⁵ General Motors, "NBC Retraction," February 10, 1993, General Motors Press Releases January - December 1993 (Binder). General Collection, GM Heritage Center, General Motors.

¹⁰⁴⁶ Chad Raphael, Lori Tokunaga, and Christina Wai, "Who Is the Real Target? Media Response to Controversial Investigative Reporting on Corporations," *Journalism Studies* 5, no. 2 (2004): 165–78.

¹⁰⁴⁷ *Ibid.*, 173.

¹⁰⁴⁸ Bill Carter, "G.M. Suspends Ads on NBC News Despite Apology for Truck Report," *The New York Times*, February 11, 1993, sec. A,

particularly because of evidence that GM 's trucks were dangerous. In the end, NBC's apology aided GM's PR campaign. The network made it sound like they had fabricated the truck problem, rather than it being a long-term GM production problem.

GM had contemplated cancelling all advertising at NBC, not just advertising for its news programs. *Advertising Age* estimated to value of all GM advertising at NBC as \$160 million.¹⁰⁴⁹ *Advertising Age* further compared the *Dateline* NBC coverage to a Volvo ad in which a Volvo withstood being crushed by a monster truck. Missing from the *Advertising Age* comparison was the design flaw in GM trucks. Rather than consider the chilling effect on news coverage, *Advertising Age* framed the GM decision as purely a business decision that would improve the ability of GM to negotiate an ad deal with NBC for 1993-1994 prime time. Further, GM itself did not dissociate the use of ad dollars to secure good coverage or punish bad coverage and even confirmed that "GM has moved its ad buys in the past to express its displeasure with editorial coverage."¹⁰⁵⁰ In fact, *Dateline* and other programs reduced criticism of the Big Three in the aftermath of the scandal, perhaps evidence that GM's tactic was effective.¹⁰⁵¹

Although GM managed to divert some attention from the story about its trucks, the NHTSA asked GM to voluntarily recall C/K trucks beginning on April 9, 1993. On October 1, 1994, Secretary of Transportation Federico Peña reported that GM knew about the defects in the fuel tank design since the early 1970s and had kept the design because it placed "sales over safety."¹⁰⁵² However, due to pressure from the Big Three automakers, GM secured a settlement with Peña wherein GM would spend \$51 million on safety programs, also paying about \$500

¹⁰⁴⁹ Joe Mandese et al., "GM Lawsuit Outguns NBC; Other Marketers Criticize News Magazine Shows," *Advertising Age* 64, no. 7 (February 15, 1993): 1.

¹⁰⁵⁰ Ibid.

¹⁰⁵¹ Daniel McGinn and Richard Turner, "Battle Behind the Screen," *Newsweek*, May 17, 1999.

¹⁰⁵² Ditlow, "History of the GM Side Saddle."

million to litigants who had been injured by the faulty fuel tank design. However, GM never had to participate in a public hearing about its design priorities, nor did it have to document what safety programs it supported with the money or whether those changed the design problems that led to the trucks in the first place. Any such programs were likely safetywashing.

The GM-NBC scandal demonstrates some key flaws in commercial journalism and the power that advertisers with big ad and PR budgets can wield over programming. GM used its PR budget to effectively respond to criticism and avoid real accountability for the design flaws, while fomenting doubt about the accidents reported by the federal government. GM and other auto manufacturers had decades of experiences responding to safety and environmental criticisms, as I described in my previous chapters. The financial crisis offered the auto industry the opportunity to define the role of the auto industry in the U.S. economy and convince a wary public that the American auto industry was worth saving.

The Detroit press had long served as allies to the auto industry. Despite plant closures and strikes, Michigan remained stridently supportive of and tied to the auto industry. The auto industry remains one of Michigan's top employers, despite an overall decline in manufacturing jobs. President Obama, who supported the later auto bailouts, won Michigan by a wide margin. His victory is credited to his stance in support of the bailouts.¹⁰⁵³ Because of the JOA, the *Detroit Free Press*, the largest paper in Detroit, was under the control of Gannett. Gannett also owned *USA Today*, which is "one of the top twenty recipients" of GM's ad dollars.¹⁰⁵⁴ In the years before the financial crisis, GM pumped money into advertising, as I observed in Chapter 3. GM's

¹⁰⁵³ Adam Howard, "Trump's Auto Bailout Inconsistency Could Leave Michigan Cold," NBC News, August 8, 2016, <https://www.nbcnews.com/news/us-news/trump-s-auto-bailout-inconsistency-could-leave-michigan-cold-n625226>; Julie Mack, "Michigan Remains No. 1 in Auto Manufacturing, and More Fast Facts," MLive, January 2018, https://www.mlive.com/news/2018/01/manufacturing_jobs_michigan.html.

¹⁰⁵⁴ Jean Halliday et al., "Motown Woes Weigh on Adworld - but Not as Much You'd Think," *Advertising Age* 80, no. 12 (April 6, 2009).

ad spending more than doubled between 1993 and 2005, rising from \$2.6 billion to \$5.8 billion.¹⁰⁵⁵ According to *Advertising Age*, “ad spending per vehicle nearly doubled from \$328 in 1993 to \$632 in 2005. In 2005, GM spent a record 3% of revenue worldwide on advertising, up from 1.9% in 1993.”¹⁰⁵⁶ The auto manufacturer’s lavish ad budget was complemented by hundreds of PR staff, giving GM ample opportunity to leverage its advertising dollars.

As I outlined in Chapter 3, local and regional dealers also purchase advertising, supplemented by money from GM. Recently, GM has shifted more control over local and regional advertising to dealers, while emphasizing Internet marketing.¹⁰⁵⁷ Newspaper spending was an important element of dealer spending before the financial crisis. In 1997, Gannett Media Technologies, part of the Gannett Company, made an agreement with a data processing firm to digitally connect dealerships with marketing and advertising opportunities.¹⁰⁵⁸ Dealers have long used local media to promote their products, although the makeup of dealer advertising has changed. In 2006, dealers spent an average of about \$450 per vehicle on advertising. About a third of that spending went to newspapers, meaning the average dealer spent just over \$110,000 on newspaper advertising, the majority with local and regional papers.¹⁰⁵⁹ In 2014, U.S. dealers spent nearly \$3 billion on newspaper advertising, while newspaper advertising revenue a year earlier was \$23.6 billion, meaning that newspapers nationwide garnered about 8% of their ad income from automobile dealers.¹⁰⁶⁰ Yet, despite the role of regional and local dealers in funding

¹⁰⁵⁵ Bradley Johnson, “In Decade before 2006, GM’s Ad Spending Soared,” *Advertising Age* 78, no. 7 (February 21, 2007): 25.

¹⁰⁵⁶ *Ibid.*

¹⁰⁵⁷ Jamie LaReau, “GM Dealer Groups Get Ad Control,” *Automotive News* 82, no. 6285 (December 10, 2007): 18.

¹⁰⁵⁸ “GMTI-ADP Deal,” *Editor & Publisher* 130, no. 40 (October 4, 1997): 34.

¹⁰⁵⁹ Mary Connelly, “Dealer Ad Spending Drops as It Shifts,” *Automotive News* 80, no. 6207 (June 12, 2006): 38.

¹⁰⁶⁰ Lindsay Chappell, “Dealerships’ Newspaper Ad Spending Forecast to Dive,” *Automotive News*, November 15, 2014, <https://www.autonews.com/article/20141115/RETAIL03/311179994/dealerships-newspaper-ad-spending-forecast-to-dive>; Pew Research Center, “State of the News Media 2016,” Pew Research Center, June 2016, <http://www.pewresearch.org/wp-content/uploads/sites/8/2016/06/state-of-the-news-media-report-2016-final.pdf>.

local news, including newspaper, television, and radio, the relationship between dealer and newspaper has received little attention.

The problem of the auto industry supporting local media is worse in Detroit. In Michigan, over 500,000 jobs are tied to the auto industry.¹⁰⁶¹ Firms that specialize in auto advertising also have offices in Detroit, enabling them to develop relationships with local press and to be accessible to the auto manufacturers. For the Detroit news media, the role of the automotive industry is complicated by local employment and history. The *Detroit Free Press*, *Detroit News*, and other local outlets shared a dependency on automobile advertising by manufacturers and dealers.¹⁰⁶² They also had developed their media coverage around the industry, featuring a dedicated automotive section that primarily focused on the Big 3.

The Financial Crisis and the Bailouts

By 2006, two decades of deregulation created a mortgage market on the verge of collapse. The U.S. banking industry successfully lobbied Congress and their regulators not to intervene based on free market ideology and obfuscation. As the mortgage market became more complex, it was easier to dissuade onlookers that anything was wrong because on paper everything looked fine. A series of laws played a crucial role in creating this illusion. The Depository Institutions Deregulation and Monetary Control Act of 1980 and the Alternative Mortgage Transaction Parity Act of 1982 remade savings and loan institutions and enabled the rise of subprime lending. The 1984 Secondary Mortgage Market Enhancement Act created the

¹⁰⁶¹ David Muller, “These Are the Top 10 States for Auto Manufacturing in the U.S.,” MLive, March 2015, https://www.mlive.com/auto/2015/03/these_are_the_top_10_states_fo.html.

¹⁰⁶² Beyond the general evidence the auto ads are an important source of funding, my survey of the articles indicated that they ran ads featuring GM products, including GMAC mortgage loans, nearly everyday during the period studied.

mortgage-backed security market. The Tax Reform Act of 1986 altered how securities were taxed and made securities much more viable in the private sector than they had been. In addition, under the Bankruptcy Abuse Prevention and Consumer Protection Act of 2005, private mortgage-backed securities were protected just like government securities.¹⁰⁶³ Overall, these laws worked to create a morass of obfuscation around the practices in mortgage industry, practices that GM had become engaged in through GMAC.

In addition to legislative acts that altered the structure of the mortgage industry, banks lobbied regulatory agencies to adjust other rules governing securitization and lending. A 1992 SEC ruling determined that companies did not have to be classified as investment companies to issue securities, greatly relaxing the security market. In addition, a 2004 SEC ruling indirectly raised the amount banks could be leveraged by changing accounting methods such that liabilities could be more easily hidden. Finally, the Rating Agency Reform Act of 2006 determined the SEC could not regulate ratings themselves or how ratings institutions determined those ratings. Although ratings institutions knew that Collateralized Debt Obligations had a high failure rate, they continued to rate them highly because banks threatened to go to another ratings institution if they did not get the ratings they wanted.¹⁰⁶⁴ The mortgage industry expanded thanks to financialization, and GMAC became entangled in a larger web of financial products.

The recession began in 2007 and continued in 2008 when U.S. home prices fell, leading to a wave of foreclosures.¹⁰⁶⁵ This led to widespread failure of mortgage-backed securities and a credit crunch, wherein lenders could not lend to consumers or corporate borrowers.¹⁰⁶⁶ In

¹⁰⁶³ Jennifer Taub, *Other People's Houses* (New Haven, CT: Yale University Press, 2014).

¹⁰⁶⁴ Greta R. Krippner, *Capitalizing on Crisis: The Political Origins of the Rise of Finance* (Cambridge, MA: Harvard University Press, 2011).

¹⁰⁶⁵ Les Christie, "Foreclosures up a Record 81% in 2008," CNN, January 15, 2009, https://money.cnn.com/2009/01/15/real_estate/millions_in_foreclosure/.

¹⁰⁶⁶ "United States: The End of the Affair; Spending and the Economy," *The Economist*, November 22, 2008.

September 2008, the Bush administration decided that a bailout would be necessary to stabilize the banking industry and end the credit crunch, despite widespread disapproval and uncertainty about the bailout.¹⁰⁶⁷ On October 3, 2008, the bank bailout was approved,¹⁰⁶⁸ but it did not immediately relieve pressure on credit-strapped industries, including the automotive industry. All auto manufacturers suffered losses as auto sales plummeted by about one third. GM experienced a smaller than average decline of 15%, although its stake in MBS meant that the corporation was still in trouble.¹⁰⁶⁹ In November 2008, the Big 3 asked Congress for support, but public support for the bailout was low. A month earlier, the auto industry had successfully lobbied for \$25 billion to support alternative energy production, although the industry had initially wanted \$50 billion.¹⁰⁷⁰ In a hearing on November 19, 2008, auto industry executives had to defend their need for cash after the alternative energy loans and the bank industry bailout a month before.

The auto industry needed to marshal their executives, employees, dealer and supplier networks, along with supportive members of Congress. In the 4th quarter of 2008, GM spent \$3 billion to lobby Congressional representatives, in addition to spending thousands of dollars on national elections.¹⁰⁷¹ The auto industry also had some allies in the media. In particular, the *Detroit Free Press*'s editorials and general coverage were in favor of the bailout. In addition, other newspapers who received auto industry ad dollars, like the *Wall Street Journal*, were

¹⁰⁶⁷ Doyle McManus, "Americans Reluctant to Bail out Wall Street," *Los Angeles Times*, September 24, 2008, <http://articles.latimes.com/2008/sep/24/nation/na-econpoll24>.

¹⁰⁶⁸ David M. Herszenhorn, "Congress Approves \$700 Billion Wall Street Bailout," *The New York Times*, October 3, 2008, <https://www.nytimes.com/2008/10/03/business/worldbusiness/03iht-bailout.4.16679355.html>.

¹⁰⁶⁹ Bill Vlasic and Nick Bunkley, "Hazardous Conditions for the Auto Industry," *The New York Times*, October 1, 2008, <https://www.nytimes.com/2008/10/02/business/02sales.html>.

¹⁰⁷⁰ Bill Vlasic, "Seeking Federal Loans, Automakers Cite Alternative-Energy Goals," *The New York Times*, September 10, 2008, <https://www.nytimes.com/2008/09/11/business/11auto.html>.

¹⁰⁷¹ Center for Responsive Politics, "General Motors, Recipients," Center for Responsive Politics, 2008, <https://www.opensecrets.org/orgs/toprecips.php?id=D000000155&cycle=2008>; General Motors Corporation, "Fourth Quarter Report," Lobbying Disclosure Act Database, 2008, <https://soprweb.senate.gov/index.cfm?event=selectFields&reset=1>.

supportive. On November 19, 2008, the day of the auto bailout hearing, the *Journal* published an op-ed from Rick Wagoner, CEO of GM, which was referenced by members of Congress during the hearing.¹⁰⁷² However, Wagoner's appeal did not change the public perception of the auto industry. The auto industry's goal was a \$25 billion bailout, primarily for GM and Chrysler. Although Ford was in dire straits, the corporation did not need bailout money because it had refinanced in 2006.¹⁰⁷³

Because of the bank bailout, the auto industry faced a wary public, nearly half of whom opposed the auto bailout.¹⁰⁷⁴ In addition to public scrutiny, the Republican party was staunchly free market, and most did not want to intervene. The auto bailout also presented an opportunity for conservative legislators to push UAW salaries even lower than their recent bargaining agreement. Conservatives aimed match the UAW salaries with those at non-union plants run by Toyota and other foreign manufacturers in the U.S. south. This proved fatal to legislative compromise on the bill. Toyota, Honda, Kia, and other manufacturers also opposed the bailout because the bailout would give U.S. auto manufacturers an advantage. Many Democrats supported the auto bailout, particularly those from Michigan and other auto industry states. Citizens groups like Public Citizen and the Union of Concerned Scientists were willing to accept the auto bailout provided it contained concessions from the industry on environmental issues.

¹⁰⁷² Rick Wagoner, "Why GM Deserves Support," *Wall Street Journal*, November 19, 2008.

¹⁰⁷³ Congressional Oversight Panel, January Oversight Report: An Update on TARP Support for the Domestic Automotive Industry (2011).

¹⁰⁷⁴ Frank Newport, "Americans Still Not Buying In to Auto Bailout," Gallup, December 9, 2008, <https://news.gallup.com/poll/112993/Americans-Still-Buying-Auto-Bailout.aspx>.

The Free Press and the Auto Bailout

The first auto bailout hearing was on November 19, 2008. That week, the U.S. auto industry was the top news story. Much of the news commentary noted that the hearings did not go well because the public was not supportive of a bailout.¹⁰⁷⁵ Indeed, the auto industry failed to articulate its value and tried again on December 5, 2008. The industry was not alone in its chilly reception. Labor unions were made the villains by many in Congress, but they were not the focus of most news stories.¹⁰⁷⁶ In November 2008, the *Free Press* began defending its home industry. The potential bailout was described as a “bridge loan” for industry, the term that industry executives preferred instead of bailout.¹⁰⁷⁷ The auto industry described the loan as necessary for their survival through to 2009. However, the bailout was not enough for GM and Chrysler to avoid bankruptcy the following year. Like its hometown press, Michigan committee members favored the auto industry’s narrative about the “bridge loan.” Coverage in the *Free Press* emphasized the auto industry perspective, while de-emphasizing criticism from Public Citizen or presenting such criticism as impractical.

The American public had just bailed out the finance industry, so auto industry executives sought distinguish themselves from the financiers. In so doing, they perpetuated the fiction that industry had not been changed by financialization. The auto industry and its supporters further expanded on this by arguing the financiers were making money without working, while the auto industry was not. However, this obscured how the auto industry used finance to support their

¹⁰⁷⁵ Paul Hitlin and Tricia Sartor, “Cars and Appointments Dominate the News,” *Pew Research Center*, November 24, 2008, <http://www.journalism.org/2008/11/24/pej-news-coverage-index-november-17-23-2008/>.

¹⁰⁷⁶ Pew Research Center: Journalism and Media Staff, “Story Lines: Banks, Stimulus and Detroit Dominate the Narrative,” *Pew Research Center*, December 5, 2009, <http://www.journalism.org/2009/10/05/story-lines-banks-stimulus-and-detroit-dominate-narrative/>.

¹⁰⁷⁷ Katie Merx, “GM to Add 3,500 Salaried Cuts,” *Detroit Free Press*, November 12, 2008.

profit margins and keep their businesses appealing to Wall Street, as I laid out in previous chapters. By creating a fictitious wall between the industrial and the financial economy, the auto industry not only claimed to show its innocence, it also prevented a wider discussion of financialization's impact on American industry.

The U.S. auto industry and its midwestern allies positioned the auto bailout as a bailout for the “Last manufacturing base that we have in America.”¹⁰⁷⁸ Auto industry executives blamed the need for the bailout on the deregulated finance industry and its penchant for complicated financial products. The executives claimed to represent the average American who was interested in manufacturing, rather than complicated financial products that they did not understand.¹⁰⁷⁹ This was ironic given that GM's executive, Rick Wagoner, had come up through GM's financial divisions, rather than its engineering divisions. As I detail below, the Big 3 painted a picture of an updated Detroit complete with better vehicle sales. The auto executives insisted their captive financing firms had no relationship to auto manufacturing, except providing loans and liquidity in the credit markets. The activities and relationship between captive finance companies like GMAC was not explored in the hearing or in the coverage by the *Free Press*. GM further de-emphasized its relationship with GMAC thanks to the 2006 sale of 51% of GMAC to Cerberus Capital. GM argued that its lack of technical control over GMAC meant that GMAC's behavior was irrelevant, even though GMAC still largely behaved as a captive.

GMAC's growth in the preceding years, which helped sustain GM, was not mentioned in any *Free Press* coverage before or after the Congressional hearings. This is emblematic of the

¹⁰⁷⁸ *Stabilizing the Financial Condition of the American Auto Industry: Hearing before the Committee on Financial Services, U.S. House of Representatives, 110th Cong. (2008) (Statement of Carolyn Kilpatrick, Michigan Representative), 12.*

¹⁰⁷⁹ *Stabilizing the Financial Condition of the American Auto Industry: Hearing before the Committee on Financial Services, U.S. House of Representatives, 110th Cong. (2008) (Statement of Candace S. Miller, Michigan representative), 8.*

critique that the commercial media fails to include the historical context of public debates, as mentioned in the introduction.¹⁰⁸⁰ GMAC was unable to fund GM, its dealers, and its customers in part because of its exposure to the mortgage industry. GMAC lost billions of dollars a quarter because of its mortgage loans, which in turn affected GM and Cerberus, which also owned a majority stake in Chrysler. The simple description of captives as a means for funding dealers and customers obscured the decades-long rise of GMAC as a financial powerhouse. Yet, in the *Free Press*, the auto industry was described as “the kind [of business] that gets your fingernails dirty” in contrast to the finance industry, which made money by “moving money around a board and skimming a percentage.”¹⁰⁸¹ Of course, the truth was that GM and its dealers had profited by taking a percentage.

The “Americanness” of the Auto Bailout

A point repeated through the hearings and the coverage of the auto bailout was that the auto industry was uniquely American. As *Free Press* reporter Mitch Albom put it, “America isn’t America without an auto industry.”¹⁰⁸² The auto industry positioned the bailout as the best way to save millions of jobs and American industry. This vision relied on the public’s vision of middle-class (white) America in the mid-twentieth century. CEOs who for decades had fought workers on their rights, draped themselves in the flag of the everyday, working American. They attempted to tap into the hostility that Americans feel toward snobbish behavior and ritzy jobs by proclaiming that the auto industry was for “Main Street,” even if that connection was tenuous, and by reminding the public that the auto industry had been a bastion of American greatness.

¹⁰⁸⁰ McChesney, *The Political Economy of Media*; Bagdikian, *The New Media Monopoly*; Núria Almiron, *Journalism in Crisis: Corporate Media and Financialization* (Cresskill, NJ: Hampton Press, 2010).

¹⁰⁸¹ Mitch Albom, “If I Had the Floor at the Auto Rescue Talks,” *Detroit Free Press*, November 23, 2008.

¹⁰⁸² Mitch Albom, “Hey, You Senators: Thanks for Nothing,” *Detroit Free Press*, December 14, 2008, 1B.

This greatness was predicated on shows of patriotism from the “Arsenal of Democracy” to 0% loans after September 11 and on the number of jobs provided by the industry.

After the November hearing, auto industry executives were roundly criticized for flying in private jets to D.C. to ask for money. Yet, with little irony, Michigan representatives and the *Free Press*, borrowing the language of the auto industry, insisted that the bailout was for “Main Street.”¹⁰⁸³ This language was repeated by John Dingell, a Representative from Michigan, in an op-ed in *Free Press* where he described the disjuncture he saw between the bailout for Wall Street and “Main Street.” He wrote, “The nation is debating the merits of yet another bailout of Wall Street. Meanwhile the rescue plan for Main Street – an economic stimulus package and a loan for the Detroit Three automakers – continues to stall in Congress.”¹⁰⁸⁴ The “main street” language was also reflected in a GM issue ad published in the *Detroit Free Press* in December 2008, after the second Congressional hearing. In the ad, GM stated, “Fact – What happens to the U.S. auto industry matters on Main Street.”¹⁰⁸⁵ As a December 2008 *Free Press* article put it, “They pretended that they were dealing with three auto CEOs and a union boss they didn’t like rather than representatives of average Joes and Janes nationwide.”¹⁰⁸⁶ The industry implied that the connection between Main Street and the auto industry was the massive amount of jobs that would have been affected by the Big 3’s bankruptcy. Despite GM’s practice of whipsawing and forcing workers to compete for union jobs, GM was positioned as a hero of “Main Street” and American labor.

¹⁰⁸³ *Stabilizing the Financial Condition of the American Auto Industry: Hearing before the Committee on Financial Services, U.S. House of Representatives*, 110th Cong. (2008), 3.

¹⁰⁸⁴ John Dingell, “With Help Now, U.S. Automakers Will Lead,” *Detroit Free Press*, December 5, 2008, 19A.

¹⁰⁸⁵ “GM Facts and Fiction,” *Detroit Free Press*, December 7, 2008, 4P.

¹⁰⁸⁶ Rochelle Riley, “Auto Rescue for Workers, Not CEOs,” *Detroit Free Press*, December 16, 2008, 3A.

Beyond opining about the “Main Street” nature of the auto industry, executives presented numbers that showed that millions of Americans were employed in auto manufacturing and related industries, such as repair and maintenance. U.S. auto manufacturers attempted to show their failure would have dire consequences for overall employment. As Rick Wagoner, GM’s CEO, argued, “The auto industry may be historically anchored in Detroit, but it reaches into every state and community in our nation.”¹⁰⁸⁷ Yet, there was still a sense that this global industry was uniquely tied to Michigan and Detroit, particularly thanks to the Michigan representatives on the panel. As one *Free Press* writer put it, “Michigan would be ground zero for that economic catastrophe, the fiscal equivalent of Hurricane Katrina.”¹⁰⁸⁸ Michigan had lost auto industry jobs for decades, as the U.S. auto industry moved jobs to the U.S. south and Mexico. The *Free Press* seemed to forget that Ypsilanti, Michigan, had been forced to compete with Arlington, Texas, for a factory and lost millions in tax dollars with the factory closure.

If Michigan was the center of the auto industry’s success, then opponents of the industry were positioned as “foreign” enemies, out of touch with Michigan and with the American auto industry. Southern senators and representatives who opposed the auto bailout, in part due to their ties to Toyota and other manufacturers who operated in the south to avoid union laws, were routinely identified in the *Free Press* and targeted with commentary such as “Notice any industrial states represented there?”¹⁰⁸⁹ One *Free Press* writer even went to so far as to state, “It just grinds you, doesn’t it? I mean that a handful of senators from former Confederate states could so summarily sign a death warrant for the Michigan economy.”¹⁰⁹⁰ It wasn’t that the Big 3

¹⁰⁸⁷ Rick Wagoner, “Why GM Deserves Support,” *Wall Street Journal*, November 19, 2008.

¹⁰⁸⁸ Ron Dzwonkowski, “What Critics Don’t Get,” *Detroit Free Press*, November 16, 2008.

¹⁰⁸⁹ Todd Spangler and Justin Hyde, “Detroit Left on the Outside,” *Detroit Free Press*, December 10, 2008.

¹⁰⁹⁰ Ron Dzwonkowski, “A Manufactured Deal Breaker,” *Detroit Free Press*, December 13, 2008.

were out of touch with the American consumers, but that opposition to the bailout was un-American.

The auto industry positioned manufacturing as uniquely American. One *Free Press* article, published without a byline three days before the hearing, opined, “Industry has been the core of the U.S. economy...Is the country really willing to quit on manufacturing, to cede our ‘make things’ ethic to others and just become the world’s biggest customer?”¹⁰⁹¹ The auto industry was more than just manufacturing, more than a provider of jobs, it was intertwined with American values. The language capitalized on the growing sentiment that the U.S. did not produce enough and was too dependent on imports from China. It also mimicked the Americanness inherent in the Big 3’s advertising. GM had used September 11 to launch its 0% financing campaign in the name of patriotic consumption, as I described in Chapter 3. Beyond that campaign, GM had advertised its Chevy vehicles as an “American revolution.”

The uniquely American aspect of the auto industry was in part derived from its association with the “Arsenal of Democracy.” Surprisingly, Michigan’s representatives and the *Free Press* were more likely to make this association than auto industry executives.¹⁰⁹² In addition to this historic connection, representatives also mentioned auto industry involvement in current military production, which the industry lobbied heavily for.¹⁰⁹³ The threat was that

¹⁰⁹¹ “Help for Detroit Is Help for All,” *Detroit Free Press*, November 16, 2008, 1C.

¹⁰⁹² *Stabilizing the Financial Condition of the American Auto Industry: Hearing before the Committee on Financial Services, U.S. House of Representatives*, 110th Cong. (2008) (Statement of Candace S. Miller, Michigan representative), 9; Albom, “If I Had the Floor at the Auto Rescue Talks.”

¹⁰⁹³ *Stabilizing the Financial Condition of the American Auto Industry: Hearing before the Committee on Financial Services, U.S. House of Representatives*, 110th Cong. (2008) (Statement of Sander M. Levin, Michigan representative), 11; *Stabilizing the Financial Condition of the American Auto Industry: Hearing before the Committee on Financial Services, U.S. House of Representatives*, 110th Cong. (2008) (Statement of Carolyn C. Kilpatrick, Michigan Representative), 12.

foreign manufacturers could not be trusted to properly fulfill defense contracts.¹⁰⁹⁴ Michigan's representatives and the *Free Press* sought to remind the public that GM did its duty after 9/11 by offering 0% financing with "Keep America Rolling."¹⁰⁹⁵ Thus, the auto industry demonstrated value to America in two ways: through sales and through defense contracts. Yet, as I showed in Chapter 3, these promotions frequently came with downsides for consumers.

Greenwashing the Criticism

In addition to establishing the American values represented by the auto industry, the industry also attempted to reverse course on decades of SUV promotion. As described in the previous chapter, the NHTSA first set Corporate Average Fuel Economy (CAFE) standards in 1975. These standards require an average fuel economy across cars sold.¹⁰⁹⁶ U.S. manufacturers were so successful in fighting CAFE regulations that they managed to get a loophole for SUVs and light trucks.¹⁰⁹⁷ By 2008, the U.S. auto industry had spent decades fighting environmental regulations while pouring millions into advertising SUVs. Unfortunately, gas prices restricted the sale of SUVs. Yet, the image of a recalcitrant industry selling gas-guzzling vehicles was not going to persuade Congress or voters that the industry needed a bailout. Thus, the U.S. auto industry attempted to dissociate itself from SUV sales and anti-CAFE lobbying.

¹⁰⁹⁴ *Stabilizing the Financial Condition of the American Auto Industry: Hearing before the Committee on Financial Services, U.S. House of Representatives*, 110th Cong. (2008) (Statement of Sander M. Levin, Michigan representative), 11

¹⁰⁹⁵ *Stabilizing the Financial Condition of the American Auto Industry: Hearing before the Committee on Financial Services, U.S. House of Representatives*, 110th Cong. (2008) (Statement of Candace S. Miller, Michigan representative), 9.

¹⁰⁹⁶ Stan Luger, *Corporate Power, American Democracy, and the Automobile Industry* (Cambridge, UK: Cambridge University Press, 2000); Vaclav Smil, *Made in the USA: The Rise and Retreat of American Manufacturing* (Cambridge, MA: The MIT Press, 2003).

¹⁰⁹⁷ Smil, *Made in the USA*.

Virtually all automakers emphasized that the American public had misperceptions about how fuel efficient and popular their products were. Richard Wagoner's *Wall Street Journal* op-ed mentioned the Chevy Malibu as an example of a best-selling car. Further, despite GM's decades-long reliance on trucks and SUVs, Wagoner argued that GM's development of the Chevy Volt signaled their concern about environmental impact and fuel efficiency.¹⁰⁹⁸ Observers who remembered GM's EV1 electric car, likely did not find his argument compelling. The industry CEOs even used the first auto bailout hearing as an opportunity to promote their upcoming products. Their testimonies concerning "green" offerings were so much like advertisements that Barney Frank (D-MA) cut off the CEO of Ford stating, "Commercials can go later."¹⁰⁹⁹ Yet, the idea of a future with a fuel-efficient and "green" Detroit was not only promoted by the Big 3, but by Michigan's representatives in Congress, who described the hybrids the industry offered and the electric vehicle that GM was developing.¹¹⁰⁰ Likewise, *Free Press* coverage emphasized that the Big 3 had to "to counter the mind-numbing amount of misinformation about Detroit that is prevalent in the public psyche."¹¹⁰¹ This "misinformation" included the Big 3's reliance on SUVs and trucks, which they had gleefully supported for the past two decades.

In response to the challenge for Detroit to prove that it was environmentally friendly, the Big 3 devised a PR campaign. Their CEOs had received criticism from Congress for flying to DC in private corporate jets for the first hearing. Congress felt that the jets showed how disconnected the CEOs were from the average American. GM even announced that it would be

¹⁰⁹⁸ Wagoner, "Why GM Deserves Support."

¹⁰⁹⁹ *Stabilizing the Financial Condition of the American Auto Industry: Hearing before the Committee on Financial Services, U.S. House of Representatives*, 110th Cong. (2008), 28

¹¹⁰⁰ *Stabilizing the Financial Condition of the American Auto Industry: Hearing before the Committee on Financial Services, U.S. House of Representatives*, 110th Cong. (2008) (Statement of Candace S. Miller, Michigan representative), 9.

¹¹⁰¹ Tom Walsh, "Automakers Turn to Unlikely Savior: Bush," *Detroit Free Press*, December 13, 2008, 9A.

returning two leased private jets because of the criticism.¹¹⁰² For the second auto bailout hearing in December 2008, the auto industry CEOs arrived in hybrids developed by their companies.¹¹⁰³ Yet, the Big 3's advertisements for their future offerings was not a commitment to fuel efficiency or environmental policies, much like their university engineering competitions or experimental vehicles. Even as the CEOs begged for the life of their corporations, the auto industry fought California's emissions standards, which would prove to be fatal to the Congressional vote on the bailout.

California passed air pollution laws decades before the Clean Air Act. As a result, the federal government gave California a special exemption to pass anti-pollution laws, which can be adopted by other states. In 2007, California requested a waiver from the EPA to set its own emissions standards, as part of its privileges under the Clean Air Act.¹¹⁰⁴ The Bush Administration blocked the waiver in January 2008.¹¹⁰⁵ At the same time, the auto industry sued California to prevent any state from setting its own fuel efficiency standards. The Big 3 attempted to greenwash their corporations by driving hybrids to DC, even as they were fighting future standards. For reform-minded environmentalists, the bailout presented an opportunity to achieve environmental change in the auto industry.¹¹⁰⁶ The auto industry maintained leverage over Congress for decades through jobs, campaign spending, and lobbying, but the bailout represented an opportunity for Congress to demand changes from Detroit.

¹¹⁰² Frank Ahrens, "A Cash-Poor And 'Sensitive' GM to Give Up Two Planes," *Washington Post*, November 22, 2008.

¹¹⁰³ Justin Hyde and Todd Spangler, "GM and Chrysler's Urgent Plea: \$11 Billion to Survive Month," *Detroit Free Press*, December 3, 2008.

¹¹⁰⁴ Chuck Squatriglia, "Are the Auto Industry's Arguments against California's CO2 Rule Just Hot Air?," *Wired*, January 2, 2008, <https://www.wired.com/2008/01/the-auto-indust/>.

¹¹⁰⁵ Felicity Barringer, "California Sues E.P.A. Over Denial of Waiver," *The New York Times*, January 3, 2008, <https://www.nytimes.com/2008/01/03/us/03suit.html>.

¹¹⁰⁶ Burton Richter, "Plug-in Hybrid Vehicles Depend on Industry Rescue," *Detroit Free Press*, December 5, 2008.

Public Citizen and the Union of Concerned Scientists viewed emissions regulations as an important component of any bailout. Public Citizen argued that a bailout must also be contingent on improved testing for fuel economy and the passage of a bill to ensure that California would continue to be able to set its own standards.¹¹⁰⁷ As I described in the previous chapter, these reflected long-term goals that Public Citizen had fought for. Claybrook specifically called for 40 mpg CAFE by 2020, challenging Congress to take the industry's claims that it was committed to more fuel-efficient vehicles seriously. Yet, CAFE was mentioned in the November hearing only a handful of times. Most of the time, Michigan representatives lambasted the cost of new CAFE regulations.¹¹⁰⁸ This echoed industry claims that CAFE was unnecessary, costly, and unsafe. Rick Wagoner even testified that GM would be unable to meet CAFE standards that were passed in 2007 by 2015.¹¹⁰⁹ Thus, from the hearing, one could conclude that the pressing issue was the harm from CAFE, not the benefit of fuel efficiency standards.

Public Citizen was not given the opportunity to testify in the either auto bailout hearing. Joan Claybrook instead offered testimony in a separate hearing after the second auto bailout hearing in December 2008.¹¹¹⁰ Public Citizen argued that fuel economy changes would lead to a more competitive Big 3 that was better insulated from the changing oil prices. In the December hearing, She went as far as to suggest that auto manufacturers who achieved CAFE standards “should get a quarter-point reduction in the interest rate on these loans.”¹¹¹¹ Claybrook further

¹¹⁰⁷ Public Citizen, “The Auto Bailout Should Come with Strings Attached,” Public Citizen, November 24, 2008, <https://www.citizen.org/news/the-auto-bailout-should-come-with-strings-attached/>.

¹¹⁰⁸ *Stabilizing the Financial Condition of the American Auto Industry: Hearing before the Committee on Financial Services, U.S. House of Representatives*, 110th Cong. (2008)

¹¹⁰⁹ *Ibid.*, 79-80,

¹¹¹⁰ Joan Claybrook, “Testimony of Joan Claybrook, President, Public Citizen before the House Select Committee on Energy Independence and Global Warming,” Public Citizen, December 9, 2008, https://www.citizen.org/wp-content/uploads/2008_dec_9_testimony_of_j_claybrook_auto_bailout.pdf.

¹¹¹¹ *Ibid.*

argued that such standards would support “innovation” in the industry, particularly with the decline in SUV sales at the time. She was careful to craft policy suggestions that followed the logic of financial investment. Rather than focusing on the long-term reasons why emissions standards were important, Public Citizen framed it as a return on consumers investment with a more competitive industry. At the same time, Public Citizen pointed out that these regulations were necessary because self-regulatory bodies, such as the Partnership for a New Generation of Vehicles, had not led to any changes in the auto industry. Having greenwashed the public for decades, it was time for auto manufacturers to offer some real changes if they wanted to be bailed out with public dollars.

The Union of Concerned Scientists offered similar testimony to Public Citizen. Despite the absence of consumer perspectives in the first hearing, David Friedman, Research Director and Senior Engineer at the Union of Concerned Scientists (UCS), testified during the second hearing on the auto bailout in December 2008.¹¹¹² Friedman argued that auto manufacturers should not only be required to meet fuel efficiency standards, but they should be required to do so earlier. Despite Wagoner’s testimony that GM could not meet CAFE standards by 2015, documents provided by GM suggested otherwise. In their submission of documents to support the bailout, GM had suggested that they could develop fuel efficient vehicles quickly. Friedman effectively suggested that the public ask them to stay true to their greenwashing PR campaigns.

Time and again, GM greenwashed the public and demonstrated they were not willing to substantially change their practices, as with the failed production of their first electric vehicle in the 1990s. Friedman suggested that meeting CAFE standards would not only be good for the

¹¹¹² *Review of Industry Plans to Stabilize the Financial Condition of the American Automobile Industry Before the Committee on Financial Services*, 110th Cong. (2008) (David Friedman, Research Director and Senior Engineer at the Union of Concerned Scientists), 150.

environment but would also save consumers billions on fuel costs.¹¹¹³ Friedman also called on the U.S. auto manufacturers to drop their lawsuit against California's emissions standards, which they continued even after requesting bailout money. Because other states could implement California's standards, their emissions standards would cover nearly 40% of the public. The broader application of California's standards meant that it was not simply a niche policy, as the auto industry argued. UCS was also sensitive to critics' concerns of timeliness. Friedman suggested an immediate short-term bailout could be passed with a longer-term one featuring the accountability standards suggested by UCS.¹¹¹⁴ Although Friedman presented the UCS proposal to Congress, the second bailout hearing was still stacked in the favor of the auto industry.

Unfortunately, the bailout oversight measures suggested by Public Citizen and UCS did not materialize. The government took a backseat in its oversight of the bailed-out GM. The Senate voted down the bailout in December because of the disagreement over the California lawsuit and the conflict over union pay.¹¹¹⁵ Even if GM and Chrysler had dropped the lawsuit, Ford and the foreign auto manufacturers would have still been free to pursue the California lawsuit. In response to the Senate's failure to pass the bailout, President Bush announced he would use TARP dollars to save auto manufacturers on December 24, 2008. Bush had received millions of dollars from business interest, including the oil and gas industries and the automotive industry including just over \$4.5 million from both industries in 2004.¹¹¹⁶ The oil and gas industry had long been allies of the auto industry, particularly in preventing alternative fuels.

¹¹¹³ Ibid., 150.

¹¹¹⁴ Ibid.

¹¹¹⁵ Justin Hyde and Todd Spangler, "Compromise by White House and Dems Empowers Role of Overseer," *Detroit Free Press*, December 10, 2008; Todd Spangler and Justin Hyde, "House OKs Aid But Why Are These Senators Unhappy," *Detroit Free Press*, December 11, 2008.

¹¹¹⁶ Center for Responsive Politics, "George W. Bush: Contributions by Industry, 2004 Cycle," Open Secrets, 2004, <https://www.opensecrets.org/pres04/indus.php?cycle=&cid=N00008072>.

Bush used executive power to approve an auto bailout rejected by the Senate and by voters.¹¹¹⁷ Although GM argued for the bailout based on its role as a manufacturer, GMAC became a key bailout recipient. On December 31, 2008, GMAC became a bank holding company in order to receive money under TARP.¹¹¹⁸ Although GMAC was rarely mentioned during the auto bailout discussion and news coverage, GMAC received \$5 billion from the Treasury as a bank holding company, along with \$2 billion from investors. In May 2009, GMAC would become the only bank subject to “stress tests” that received an additional bailout, in the amount of \$7.5 billion. In the end, GMAC received more support from the auto bailout than Chrysler.¹¹¹⁹

Contrary to the assertion that the auto bailout was not related to finance, GMAC’s treatment demonstrates manufacturing could not be separated from finance. GMAC needed a bailout because of its toxic mortgage holdings.¹¹²⁰ Unlike GM and Chrysler, GMAC’s potential profitability had not been discussed and may have posed more risk to taxpayers than GM and Chrysler.¹¹²¹ In addition, the Obama Administration had not considered the possibility of salvaging only GMAC’s auto finance business. The only possibility under the TARP bailout was to save all of GMAC, including its numerous toxic mortgage assets. GMAC was treated differently from the other banks bailed out and from the auto industry. GMAC was bailed out twice, and, unlike GM and Chrysler, GMAC’s shareholders retained their share of GMAC.¹¹²² After the bailouts, GMAC was bigger than it was before and more intertwined with the auto

¹¹¹⁷ Ben Rooney, “Poll: 61% Oppose Auto Bailout,” CNN, December 4, 2008, https://money.cnn.com/2008/12/03/news/economy/automakers_poll/.

¹¹¹⁸ Heidi N. Moore, “GMAC: Tipping the Scales,” *Wall Street Journal*, December 31, 2008.

¹¹¹⁹ Congressional Oversight Panel, “January Oversight Report: An Update on TARP Support for the Domestic Automotive Industry,” (2011).

¹¹²⁰ *Ibid.*

¹¹²¹ *Ibid.*

¹¹²² *GMAC Financial Services and the Troubled Asset Relief Program Before the Congressional Oversight Panel*, 111th Cong. (2010).

industry. No official explanation was offered by the Treasury as to why GMAC was treated differently.¹¹²³

GM had spent decades focused on using GMAC and SUVs for profit. Yet, when it came time to argue for a bailout, GM argued that it was not in the financing business, even though its financing arm would receive more bailout money than Chrysler.¹¹²⁴ Further, GM attempted to greenwash its business practices again by arguing that it was shifting away from SUVs, even while lobbying against CAFE in the auto bailout hearings and through the California lawsuit. GM used the bailout as an opportunity to use its PR and media connections to promote GM as a “green” company that was the victim of the financial industry, just like homeowners throughout the U.S. The Detroit media defended its home industry, without considering whether a bailout with environmental and financial standards would be better for Michigan and the world.

Missed Opportunities and Criticism

As described above, Public Citizen and UCS argued that the bailout was an opportunity to ask for accountability for Detroit. However, because the bailout funds came from the executive branch, that opportunity was largely missed. The executive branch bailout provided money to support the industry under the Troubled Asset Relief Program (TARP), which did not include policy changes advocated by consumer groups and their allies. This section follows up on three debates that came up during or before the bailout. In this section, I show how the auto industry has recently fought back against some regulations implemented after the bailout. First, I describe the current debate over fuel economy and emissions and show why the compromise in

¹¹²³ Congressional Oversight Panel, January Oversight Report Exiting TARP and Unwinding Its Impact on the Financial Markets (2010), 84.

¹¹²⁴ Congressional Oversight Panel, “January Oversight Report: An Update on TARP Support for the Domestic Automotive Industry,” (2011).

2008 was not enough to address the public interest in regulating emissions. Second, I describe the power of auto dealers and two missed opportunities for intervening in the public interest. Finally, I describe how the right successfully scapegoated the UAW, forcing them to compromise and putting aside discussions of labor rights.

Even as they received an injection of federal dollars, auto manufacturers were not forced to drop their lawsuit against California's fuel efficiency standards.¹¹²⁵ However, the Obama Administration brokered a deal between states and the automakers for an improved national fuel efficiency standard of 35 mpg on average by 2020, lower than the 40 mpg that some consumer advocates wanted. Consumer advocates from Public Citizen and UCS raised concerns that auto manufacturers had engaged in greenwashing for decades, but those concerns went largely unheeded. Currently, the auto industry is greenwashing while fighting California's standards. GM's recent promotion of the Chevy Bolt, a predecessor of the Volt, has paired with continued lobbying against California's fuel standards. Auto industry advocates argue that California cannot claim that auto emissions are a factor in global warming, despite overwhelming evidence to the contrary.¹¹²⁶ The auto industry further asserts that California's emissions standards would lead to a "patchwork" of laws, even though only California is allowed separate standards that other states can adopt.¹¹²⁷ The CAFE increase under President Obama represented a partial solution, but did not go as far as it could have. In addition, the industry has continued to fight emissions regulations, despite PR claiming that auto manufacturers are committed to electric vehicles.

¹¹²⁵ Union of Concerned Scientists, "A Brief History of U.S. Fuel Efficiency Standards," *Union of Concerned Scientists*, December 6, 2017, <https://www.ucsusa.org/clean-vehicles/fuel-efficiency/fuel-economy-basics.html#.XBaf5FxKjIV>.

¹¹²⁶ Brad Plumer, "Power Plants Are No Longer America's Biggest Climate Problem. Transportation Is.," *Vox*, June 13, 2016, <https://www.vox.com/2016/6/13/11911798/emissions-electricity-versus-transportation>.

¹¹²⁷ Squatriglia, "Are the Auto Industry's Arguments against California's CO2 Rule Just Hot Air?"

Recently, the auto industry found an ally in the Trump Administration. EPA Director Scott Pruitt recently suggested revising the emissions standards, and auto manufacturers praised removing standards as “the single most important decision the E.P.A. has made in recent history.”¹¹²⁸ The EPA’s decision prompted California to fighting the Trump Administration’s emissions standards. The Administration argues, as the auto industry has in the past, that emissions are not related to global warming.¹¹²⁹ Repealing California’s waiver would allow the auto industry to continue to drag its feet on electric vehicles, as it has for decades since the EV1 experiment.¹¹³⁰ Auto manufacturers have claimed over and over again that they want to produce more fuel-efficient cars. However, repeatedly they have shown that those claims are greenwashing as they willing to forego producing electric and compact vehicles in favor of SUVs and trucks. Despite the decline in SUV sales in 2007 and 2008, SUVs are still on top of the market and are more profitable than compact and electric vehicles.¹¹³¹ Still, despite the battle over selling SUVs, the fight over CAFE and California’s standards comes down to deregulation. The California law contains the same flaws as previous CAFE regulations. It allows automakers to skirt the most stringent requirements if they sell more SUVs and trucks,¹¹³² meaning that this is ultimately about the long-term battle for deregulation waged by industries writ large.

The bailout presented an opportunity to address emissions regulations and tie them to federal support for the auto industry. Unfortunately, industry was able to conjure up fears that

¹¹²⁸ Robinson Meyer, “The Coming Clean-Air War Between Trump and California,” *The Atlantic*, March 6, 2017, <https://www.theatlantic.com/science/archive/2017/03/trump-california-clean-air-act-waiver-climate-change/518649/>.

¹¹²⁹ Aarian Marshall, “California Says ‘Nope’ to the EPA’s Car Emissions Rules,” *Wired*, October 4, 2018, <https://www.wired.com/story/california-nope-epa-car-emissions/>.

¹¹³⁰ Ibid.

¹¹³¹ Phil LeBeau, “Auto Sales Projected to Slow to Lowest Level in More than 4 Years despite SUV and Truck Demand,” CNBC, April 1, 2019, <https://www.cnbc.com/2019/04/01/auto-sales-slow-to-lowest-level-in-four-years-despite-truck-demand.html>.

¹¹³² Robinson Meyer, “The Coming Clean-Air War Between Trump and California,” *The Atlantic*, March 6, 2017, <https://www.theatlantic.com/science/archive/2017/03/trump-california-clean-air-act-waiver-climate-change/518649/>.

¹¹³² Marshall, “California Says ‘Nope.’”

these regulations were not timely or necessary because of plans for fuel efficient vehicles, including the now-defunct Chevy Volt. Yet, these plans, like their claims in the past, were ultimately greenwashing. They were a public relations attempt to show that the industry was finally listening to public interest. The auto industry's allies, including representatives in Congress and the newspaper industry, repeatedly emphasized these industry talking points and mentioned the upcoming vehicles as evidence of the Big 3's change of heart. Unfortunately, the Big 3 have done nothing of substance to indicate actual change.

The auto industry also turned to a tried-and-true ally: auto dealers. Auto dealers wield enormous political power because they are present in nearly every Congressional district. Although dealers are politically powerful, some can still fall victim to auto manufacturers. During the bankruptcy proceedings for GM and Chrysler, thousands of dealers were casualties. Although many agreed that some dealers needed to close to restore profitability, the choice of which dealers to close seemed capricious. The chief complaint among both Republicans and Democrats was how auto dealers were being treated and how they would be helped.¹¹³³ One problem identified by Congress was that minority dealers were more likely to close than other dealers, but neither the auto industry nor Congress attempted to salvage them.¹¹³⁴ Thus, while dealers as a group proved politically powerful during the bailout hearings, not all dealers equally benefitted.¹¹³⁵

¹¹³³ Peter Whoriskey, "Handling of Automaker Bailouts Prompts Bipartisan Outcry," *Washington Post*, July 22, 2009, <http://www.washingtonpost.com/wp-dyn/content/article/2009/07/21/AR2009072103127.html>.

¹¹³⁴ *Stabilizing the Financial Condition of the American Auto Industry: Hearing before the Committee on Financial Services, U.S. House of Representatives*, 110th Cong. (2008) (Statement of Carolyn C. Kilpatrick, Michigan representative), 13.

¹¹³⁵ *Review of Industry Plans to Stabilize the Financial Condition of the American Automobile Industry Before the Committee on Financial Services*, 110th Cong. (2008) (Statement of Maxine Waters, California representative), 237.

The Dodd-Frank bill resulted from the political momentum in the years after the bailouts. Yet, the bill left the auto loan industry largely untouched because dealers were too politically powerful. As I described in Chapter 3, dealer markups are when a dealer charges a higher rate than the consumer qualified for and profits off the difference in interest. These markups cost consumers billions of dollars annually. Consumers Union argued that the dealer justify regulating auto dealers who lend to consumers under the Consumer Financial Protection Bureau.¹¹³⁶ A loophole exempting auto dealers was included in the House version of the Dodd-Frank bill, but not the Senate version.¹¹³⁷ As the bill was put together in conference, Congress added a last-minute provision to exempt auto dealers.¹¹³⁸ In the end, auto loan regulation was split between the CFPB, which covered lenders, and the FTC, which covered dealers.¹¹³⁹ In 2013, the CFPB managed to regulate dealer markups through auto finance companies, creating a cap on markups that could be charged by dealers. Though not eliminated, the CFPB hoped to minimize the impact and discriminatory use of markups.¹¹⁴⁰

The regulations were not around for long. With dealers in every Congressional district, auto manufacturers and dealers undid the CFPB regulations. In 2018, the House and Senate

¹¹³⁶ Pamela Banks, “No Special Exemption for Auto Dealers Who Make or Broker Loans,” Consumers Union, May 6, 2010, https://advocacy.consumerreports.org/research/no_special_exemption_for_auto_dealers_who_make_or_broker_loan_s/.

¹¹³⁷ David Butler and Kristina Edmundson, “Senate Approves Financial Reform Bill,” Consumers Union, May 21, 2010, https://advocacy.consumerreports.org/press_release/senate-approves-financial-reform-bill/.

¹¹³⁸ Ellen Bloom, “CU Opposes Senator Brownback’s Motion to Exempt Auto Dealers from the Financial Regulatory Reform,” Consumers Union, May 24, 2010, https://advocacy.consumerreports.org/research/cu_opposes_senator_brownbacks_motion_to_exempt_auto_dealers_from_the_financial_regulatory_reform_bill/.

¹¹³⁹ Consumers Union, “Consumers Union Outlines an Aggressive Agenda for the CFPB,” Consumers Union, October 14, 2010, https://advocacy.consumerreports.org/press_release/cu-outlines-agenda-for-new-financial-watchdog/.

¹¹⁴⁰ William Hoffman, “CFPB’s Dealer Markup Guidance Faces Repeal in Congress,” *Auto Finance News*, December 6, 2017, <https://www.autofinancenews.net/cfpbs-dealer-markup-guidance-faces-repeal-in-congress/>.

passed a Congressional Review Act resolution ending the restrictions.¹¹⁴¹ The removal of the rule was greeted by industry supporters as a welcome end to illegal regulation. Consumer groups saw the repeal of the regulations as legalizing discrimination in auto lending through dealer markups, which are disproportionately higher for consumers of color. Unfortunately, the impact of dealer markups and even of regulation is sparsely covered by non-trade press and business outlets. Because of the clout that local dealers wield as advertisers, journalists struggle to report stories that involve local dealers, meaning that these issues go undiscussed.¹¹⁴² The debate over the auto bailout drew a clear line between auto manufacturing and auto finance to the benefit of auto dealers. Auto financiers have faced less scrutiny than their counterparts in the mortgage industry, even as concerns about the quality of auto loans are on rise.¹¹⁴³ The auto bailout was a missed opportunity to interrogate how financialization had changed the auto industry.

The final area in which the public lost the opportunity for policy changes was related to labor unions. The UAW was forced to shoulder part of the blame for the bailout. Conservative leaders, who saw the bailout as an opportunity to decimate the already weakened American labor union, scrutinized contract benefits such as healthcare for retirees and wages. The right's plan to blame labor for the bailout worked. Nearly half of the public blamed labor unions for excesses in their contracts, although executives received the most blame.¹¹⁴⁴ Labor unions failed to articulate

¹¹⁴¹ Neil Haggerty, "Trump Makes Repeal of CFPB Auto Lending Rule Official," *American Banker*, May 21, 2018, <https://www.americanbanker.com/news/trump-makes-repeal-of-cfpb-auto-lending-rule-official>.

¹¹⁴² AnnaMaria Andriotis, "U.S. House Panel Seeks Data on Auto-Lending Discrimination Claims," *Wall Street Journal (Online)*, October 10, 2015, <https://www.wsj.com/articles/u-s-house-panel-seeks-data-on-auto-lending-discrimination-claims-1444415227>; Diana B. Henriques, "Extra Costs on Car Loans Draw Lawsuits," *New York Times*, October 27, 2000; Christopher Kukla, "The Hidden Cost of Car Loans," *U.S. News Digital Weekly* 6, no. 9 (February 27, 2014): 21. Most coverage of markups is in trade publications, like *American Banker* and *Automotive News*. These are a few examples of reports non popular publications, usually tied to court cases.

¹¹⁴³ Cecile Gutscher, "Subprime Auto Debt Is Booming Even as Defaults Soar," *Bloomberg*, February 2, 2018, <https://www.bloomberg.com/news/articles/2018-02-02/never-mind-defaults-debt-backed-by-subprime-auto-loans-is-hot>.

¹¹⁴⁴ Lydia Saad, "Unions Second to Auto Execs in Bailout Blame Game," *Gallup*, December 16, 2008, <https://news.gallup.com/poll/113431/Unions-Second-Auto-Execs-Bailout-Blame-Game.aspx>.

their value to the public and to explain that “excesses” of the UAW contract were securities that all workers should have access to, like healthcare. Union leaders focused on explaining concessions that the UAW had already made, rather than discussing the social structures that necessitated these benefits.¹¹⁴⁵ The UAW was forced to make even more concessions as GM and Chrysler filed for bankruptcy in the spring.¹¹⁴⁶ Because a strike would trigger an automatic default of the loans, UAW workers lost the ability to strike during their next contract negotiation.¹¹⁴⁷

The bailout could have presented an opportunity to protect UAW workers and reaffirm the value of the labor movement. Instead, the UAW was forced to side with the industry or risk losing all their jobs. Union testimony largely consisted of concessions already made by union workers. Despite the already lowered UAW pay scale, the UAW was tarnished by the perception that workers were paid the equivalent of \$70 an hour. The estimate included benefits that were given not only to current workers, but also to retired workers. A straight comparison to workers overseas ignored the fact that those workers benefitted from social programs such as national health insurance. Representatives expressed that their constituents felt a sense of jealousy or “unfairness” toward union workers and that non-union workers and should not be asked to bail out workers who made so much more than them.¹¹⁴⁸ Labor unions failed to articulate their value

¹¹⁴⁵ *Stabilizing the Financial Condition of the American Auto Industry: Hearing before the Committee on Financial Services, U.S. House of Representatives*, 110th Cong. (2008).

¹¹⁴⁶ Justin Hyde and Tim Higgins, “Auto Rescue Terms Raise Stakes in Mandating Changes in Pay, Benefits,” *Detroit Free Press*, January 9, 2009.

¹¹⁴⁷ *Ibid.*

¹¹⁴⁸ *Stabilizing the Financial Condition of the American Auto Industry: Hearing before the Committee on Financial Services, U.S. House of Representatives*, 110th Cong. (2008).

to American workers during the bailout hearings, although public perception of labor unions has since rebounded.¹¹⁴⁹

Conclusion

Advertising opens a gateway for advertisers to influence commercial media, as the example of the GM-NBC fuel tank scandal demonstrates. In this chapter, I argue that coverage of the auto bailout in the *Free Press* largely reflected the biases of industry PR and lobbying because of the close relationship between the industry and the Detroit press. Although the Congressional measure failed, the auto industry ended up with a bailout from President Bush and later bankruptcy and bailouts from President Obama. The industry avoided accountability for its greenwashing and avoided scrutiny over its financial practices, even though GMAC received multiple bailouts under the TARP automotive program. Further, the *Free Press* coverage excluded alternative possibilities for regulation proposed by Public Citizen and UCS. Ultimately, the industry remained largely unchanged by regulatory reforms after the bailout and even returned to their same greenwashing tactics in a few years. Despite little success convincing the public of the value of an auto bailout in 2008, the auto industry's reputation has since recovered, with more than half of Americans approving of their performance.¹¹⁵⁰ Likewise, unions fared badly during the bailout hearings, but their reputation has more than recovered. In *Janus v. AFSCME*, the Supreme Court ruled that unions could not collect fees from non-members represented by their collective bargaining agreements. This has weakened the power of unions,

¹¹⁴⁹ Art Swift, "Labor Union Approval Best Since 2003, at 61%," *Gallup*, August 30, 2017, <https://news.gallup.com/poll/217331/labor-union-approval-best-2003.aspx>.

¹¹⁵⁰ Megan Brenan and Kevin Christoffersen, "Americans' Rating of Auto Industry Reaches Record High," *Gallup*, September 6, 2017, <https://news.gallup.com/poll/218018/americans-rating-auto-industry-reaches-record-high.aspx>.

which threatens the balance of power between unions and corporations. In this political atmosphere, reforms within the auto industry may be difficult to achieve.

CHAPTER 8:

GM'S PROMOTIONAL COMMUNICATION AND THE COMMERCIAL MEDIA

Introduction

From 1990 to 2009, GM struggled, grew to dominate the SUV market, and then entered a government-funded bailout and bankruptcy. GM used finance and SUVs to profit, despite the negative impact on consumers' finances, safety, and the environment. In 2008, when the housing market collapsed, a lack of available credit combined with slow auto sales propelled the already floundering U.S. auto manufacturers into mounting debt. GM lost billions. As I described in the previous chapter, GM's PR and lobbying in 2008 eschewed its financial prowess and SUV profiteering to present a fuel efficient, forward-looking company. This narrative failed to gain enough traction in Congress but did earn the corporation a bailout from the Bush Administration. Under Bush and Obama, the government bailed out both the auto and the banking industry. The banks received \$700 billion dollars under TARP, while the auto industry received about \$100 billion total under a few bailouts.¹¹⁵¹ Today, we remember the auto bailout for saving an industry, but the far-reaching goals they promised us were not achieved. GM has failed to live up to its promotional communication, which has dire consequences for consumer safety and the environment.

GM After the Bailout

Although the public was skeptical of the auto bailout, today it is remembered as a key part of President Obama's legacy, a successful public policy that jump started a flailing

¹¹⁵¹ Robert Pozen, *Too Big to Save? How to Fix the U.S. Financial System* (Hoboken, NJ: John Wiley & Sons, Inc., 2010).

industry.¹¹⁵² After the 2008 bailout, GM petitioned the new Obama Administration for additional bailout money. Unfortunately, this infusion of capital could not stave off decades of problems. Nearly one hundred years after it was founded, GM filed for bankruptcy, rebranding as the “New GM.”¹¹⁵³ In 2009, an institutional ad campaign pushed GM’s “reinvention” after the bailout, and the first thing to go were excessive GM brands. GM’s years of “badge engineering” had whittled down the value of its multitude of brands. Saturn, once the symbol of GM’s shift toward Japanese-style cars, lost nearly two-thirds of its sales since 1995. The auto manufacturer eliminated Saturn, Hummer, and Pontiac, choosing to maintain the iconic Chevrolet brand, along with Cadillac, GMC, and Buick, which is enormously popular in China.¹¹⁵⁴ GM, once a global brand, cut down on its international operations and reformed itself as a smaller company.

During the bailout debate, GM promised to sell more fuel-efficient and electric vehicles. However, the industry looks much the same as it did before the bailout. GM, with about 18% of sales, still leads the market. Many of those sales are SUVs, which continue to be profitable and popular.¹¹⁵⁵ GM has produced two electric cars since the bailout: the discontinued Chevy Volt and the new Chevy Bolt. As of March 2019, GM made assurances that the Bolt would soon be joined by other electric vehicles.¹¹⁵⁶ However, as Chapter 5 showed, GM has made promises about electric vehicles in the past that have yet to be followed up on. By 2035, the world will have nearly 2 billion vehicles. Although the number of electric vehicles may be up to 220 million

¹¹⁵² Robert Reed, “Obama’s Economic Legacy: Big Bailouts That Worked,” *Chicago Tribune*, January 10, 2017, <https://www.chicagotribune.com/business/columnists/ct-obama-economy-robert-reed-110-biz-20170109-column.html>.

¹¹⁵³ Paul Ingrassia, *Crash Course: The American Automobile Industry’s Road from Glory to Disaster* (New York: Random House, 2010).

¹¹⁵⁴ *Ibid.*

¹¹⁵⁵ Jill Petzinger, “By 2020, SUVs Could Make up 50% of US Car Sales,” *Quartz*, July 31, 2018, <https://qz.com/1344537/by-2020-suvs-could-make-up-50-of-us-car-sales/>.

¹¹⁵⁶ Zach Wichter, “G.M. Plans New Electric Vehicle Made at Chevy Bolt Plant,” *New York Times*, March 22, 2019, <https://www.nytimes.com/2019/03/22/business/general-motors-electric-vehicle.html>.

by then, the vast majority will be traditional combustion vehicles.¹¹⁵⁷ Unfortunately, the popularity of SUVs has already increased greenhouse gas emissions around the globe. The path to a zero-carbon future requires changing the auto industry.¹¹⁵⁸

Critically, after the bailout, GM lost control of GMAC, a source of profits. GMAC's bailouts exist at the nexus of the auto bailouts and the bank bailouts. GMAC was not "too big to fail." The company had invested in subprime mortgages, and those mortgages had led to losses. The captive finance company received government support in part because it was infected by the malignant practices that crippled that rest of the financial services industry and in part because Congress and others believed GMAC was essential to the survival of GM. GMAC became a bank holding company, but it was treated differently during the crisis and bailout than the other affected financial companies and auto companies.¹¹⁵⁹ It was even treated differently than Chrysler Financial Services which was allowed to fail while GMAC took over loans for Chrysler, funded by the government.¹¹⁶⁰ Unlike GM and Chrysler, GMAC was not restructured, nor was it required to show how it would avoid the losses that led to TARP bailouts.¹¹⁶¹ In 2010, GMAC became Ally Financial, but maintained a close business relationship with GM. That same year, GM purchased AmeriCredit, a subprime lender. AmeriCredit became the new GM Financial, although GM still maintained dealings with Ally until 2013.¹¹⁶²

¹¹⁵⁷ Tom DiChristopher, "Electric Vehicles Will Grow from 3 Million to 125 Million by 2030, International Energy Agency Forecasts," CNBC, May 30, 2018, <https://www.cnbc.com/2018/05/30/electric-vehicles-will-grow-from-3-million-to-125-million-by-2030-iea.html>.

¹¹⁵⁸ Tony Dutzik, "50 Steps Toward Carbon-Free Transportation: Rethinking U.S. Transportation Policy to Fight Global Warming" (Frontier Group, Fall 2016), https://uspirg.org/sites/pirg/files/reports/Frontier%20Group%20-%2050%20Steps%202016%5B1%5D_0.pdf.

¹¹⁵⁹ Stiglitz, *Free Fall*.

¹¹⁶⁰ Rattner, *Overhaul*; Special Inspector General for the Troubled Asset Relief Program (SIGTARP), *Taxpayers Continue to Own 74% of GMAC (Rebranded as Ally Financial) from the TARP Bailout*, quarterly report to Congress, January 30, 2013, https://www.sig tarp.gov/Audit%20Reports/Taxpayers_GMAC.pdf

¹¹⁶¹ Stiglitz, *Free Fall*; SIGTARP, *Taxpayers Continue to Own 74% of GMAC*.

¹¹⁶² "Heir to GMAC," *Automotive News* 93, no. 6855 (November 12, 2018): 3.

The Bailout and Reform

The period after the auto and bank bailouts promised change. The Obama Administration immediately began considering new fuel economy rules, which the auto industry was forced to accept.¹¹⁶³ Although those rules ostensibly required auto manufacturers to produce vehicles that averaged over 50 miles per gallon by 2035, the complicated system of credits for fuel economy meant that vehicles would really have to average about 36 miles per gallon.¹¹⁶⁴ Further, California agreed to not set any standards in addition to the Obama rules, a compromise long-favored by the auto industry, which decried the “patchwork” of laws that would result from California’s rules. While the auto industry appeared to acquiesce in the face of a new political reality, the rules were not as dire as they appeared.

Congress also imparted new regulations on the financial services industry. In 2011, Congress passed the Dodd-Frank Act. Dodd-Frank importantly created the Consumer Financial Protection Bureau, which instituted new regulations to protect consumers’ financial interests. The disparate treatment of GMAC continued under the Consumer Financial Protection Bureau (CFPB). As Joseph Stiglitz observed, “under political pressure, auto loans, the second most important form of lending, after mortgages – were given an exemption.”¹¹⁶⁵ The auto industry’s dealer allies played an important role in exempting auto loans from regulations. Auto industry lobbyists successfully excluded dealer financing, where 80% of auto loans originate, from the

¹¹⁶³ John M. Broder and Micheline Maynard, “As Political Winds Shift, Detroit Charts a New Course,” *New York Times*, May 20, 2009.

¹¹⁶⁴ Brad Plumer and Nadja Popovich, “How U.S. Fuel Economy Standards Compare With the Rest of the World’s,” *New York Times*, April 3, 2018, <https://www.nytimes.com/interactive/2018/04/03/climate/us-fuel-economy.html>.

¹¹⁶⁵ Stiglitz, *Free Fall*, 336.

CFPB’s jurisdiction.¹¹⁶⁶ As I explained in Chapter 3, loans from auto dealers are often subject to markup rates, which more heavily impact minority borrowers. Loans with dealer markups cost consumers billions of dollars annually.¹¹⁶⁷

In 2013, the CFPB published a bulletin that advised indirect auto lenders, including both banks and non-banks that back auto loans, how to keep their practices in line with the Equal Credit Opportunity Act.¹¹⁶⁸ The bulletin makes clear that bank and non-bank lenders should exercise more control over markup rates and be aware when dealer markups may be the result of discrimination. The CFPB further advises, “eliminating dealer discretion to mark up [sic] buy rates and fairly compensating dealers using another mechanism, such as a flat fee per transaction, that does not result in discrimination.”¹¹⁶⁹ Further, the CFPB found evidence that Ally, formerly GMAC, had discriminated against borrowers of color between 2011 and 2013. Ally was ordered by the Department of Justice to pay \$80 million in damages to affected customers.¹¹⁷⁰ Through this bulletin, the CFPB attempted to regulate dealer markups.

The CFPB’s regulations were poorly received. Republicans attacked the CFPB for “unconstitutional” and “out-of-control” behavior.¹¹⁷¹ Industry analysts posited that the CFPB’s efforts to prevent discrimination would drive up the cost of loans for all consumers.¹¹⁷² In 2017,

¹¹⁶⁶ Steven Davidoff Solomon, “Protection Bureau’s Stormy Path to Reform the Auto Finance Industry,” *The New York Times*, December 1, 2015, <https://www.nytimes.com/2015/12/02/business/dealbook/protection-bureaus-stormy-path-to-reform-the-auto-finance-industry.html>.

¹¹⁶⁷ Jeff Horwitz, “CFPB Auto Loan Probe Has Banks Fretting,” *American Banker* 177, no. 90 (June 12, 2012): 1–5.

¹¹⁶⁸ Consumer Financial Protection Bureau, *CFPB Bulletin 2013-02*, March 21, 2013, https://files.consumerfinance.gov/f/201303_cfpb_march_-Auto-Finance-Bulletin.pdf; Rachel Witkowski, “The Inside Story of the CFPB’s Battle over Auto Lending,” *American Banker* 180, no. 151 (September 29, 2015): 7.

¹¹⁶⁹ Consumer Financial Protection Bureau, *CFPB Bulletin 2013-02*.

¹¹⁷⁰ Kevin M. McDonald, “Automotive Finance: The Regulatory Cup Spilleth Over,” *Business Lawyer* 71, no. 2 (Spring 2017): 713–22.

¹¹⁷¹ “Spat between CFPB, GOP Intensifies with Auto Lending Report,” *American Banker* 182, no. 12 (January 19, 2017): 1.

¹¹⁷² Blair Evans, “CFPB’s Auto Finance Push Hurts Consumers,” *American Banker*, January 25, 2016, <https://www.americanbanker.com/opinion/cfpbs-auto-finance-push-hurts-consumers>

the Government Accountability Office found that the 2013 bulletin should be subject to Congressional review as a new “general statement of policy and a rule under the [Congressional Review Act].”¹¹⁷³ The GAO’s decision meant that Congress could review the CFPB rule even though it had been made five years earlier. In 2018, Congress repealed the CFPB rule, allowing auto dealers to apply markups to loans.¹¹⁷⁴ Auto dealers can now apply disparate markups to people of color and less attention will be given to whether those loans are predatory.

In addition to the regulatory problems facing auto loans, market observers have also questioned the quality of auto loans. The number of subprime auto loans has grown in the past few years. Like subprime mortgage loans, subprime auto loans are more likely to default. This has caused observers to compare the auto industry in 2017 with the mortgage industry a decade earlier.¹¹⁷⁵ In addition to the growth in subprime loans, the length of auto loans has grown. Longer auto loans have become popular because borrowers can pay lower monthly payments. However, over the life of the loan, the borrower pays more interest and is at a greater risk of default.¹¹⁷⁶ These concerning trends in the auto industry suggest that the need for further examination and possible regulation. However, in the current regulatory atmosphere, that is unlikely.

¹¹⁷³ Thomas H. Armstrong, *Bureau of Consumer Financial Protection: Applicability of the Congressional Review Act to Bulletin on Indirect Auto Lending and Compliance with the Equal Credit Opportunity Act* (Washington, DC: Government Accountability Office, December 5, 2017), <https://www.gao.gov/products/B-329129#mt=e-report>.

¹¹⁷⁴ Neil Haggerty, “Trump Makes Repeal of CFPB Auto Lending Rule Official,” *American Banker*, May 21, 2018, <https://www.americanbanker.com/news/trump-makes-repeal-of-cfpb-auto-lending-rule-official>.

¹¹⁷⁵ Ben McLannahan, “Gearing up for Trouble,” *Financial Times*, May 30, 2017.

¹¹⁷⁶ Consumer Financial Protection Bureau, “CFPB Report Finds Sharp Increase In Riskier Longer-Term Auto Loans,” Consumer Financial Protection Bureau, November 1, 2017, <https://www.consumerfinance.gov/about-us/newsroom/cfpb-report-finds-sharp-increase-riskier-longer-term-auto-loans/>.

The State of Auto Safety

In the aftermath of the bailouts, federal regulators addressed both fuel economy and financial regulations. Both standards have now been rolled back under the Trump Administration. In contrast, auto safety was not a focus of regulatory changes after the auto bailout. The auto industry has worked for decades to erode auto safety regulations, as I explained in Chapter 4. In the 1970s and early 1980s, the NHTSA issued a flurry of regulations. Since the late 1980s, however, the auto industry has used its lobbying power to erode the funding and authority of the NHTSA. The NHTSA has been captured by the industry and often works with auto manufacturers, even when companies are accused of violations, as in the case of the GM ignition switch scandal.¹¹⁷⁷ In 2019, the NHTSA budget was \$914 million.¹¹⁷⁸ Of that, about 16% went to auto safety. Most of the NHTSA budget is dedicated to highway traffic safety grants. The NHTSA's captured status and its lack of resources means that some newer safety issues, such as autonomous vehicle safety, do not have adequate resources.

In the years since the bailout, the auto industry has promised that autonomous vehicles are being developed to ease consumers' lives, the most advanced of which would drive themselves. According to the auto manufacturers, automated cars offer improved safety by removing humans from the equation.¹¹⁷⁹ At the same time, autonomous vehicles would open cars to other safety issues, such as hacking and cybersecurity. Despite the benefits of autonomous

¹¹⁷⁷ Ralph Nader, "Ralph Nader: Safety in Name Only at NHTSA," *USA Today*, September 17, 2014, <https://www.usatoday.com/story/opinion/2014/09/17/ralph-nader-safety-nhtsa-investigation-regulation-congress-gm-stalled-column/15801047/>.

¹¹⁷⁸ National Highway Traffic Safety Administration, *Budget Estimates: Fiscal Year 2019*, <https://www.transportation.gov/sites/dot.gov/files/docs/mission/budget/304526/nhtsa-fy-2019congressionaljustificationfinal508compliant.pdf>.

¹¹⁷⁹ Clifford Atiyeh, "Ford, GM, and Toyota Agree We Have No Plan on How to Make Autonomous Cars Safe," *Car and Driver*, April 4, 2019, <https://www.caranddriver.com/news/a27044159/ford-gm-toyota-autonomous-cars-safety/>.

vehicles, Americans remain skeptical. A 2018 Gallup poll found that 75% of Americans “would use a human-operated car even if driverless cars were common” and 52% “would never want to use a self-driving car.”¹¹⁸⁰ Yet, the NHTSA has only issued *voluntary* guidelines for autonomous vehicle safety and does not have the funds to do large scale testing.¹¹⁸¹ Instead of government standards, industry will likely develop many of the standards for autonomous vehicles.

Automated Vehicle Safety Consortium (AVSC) is an industry group designed to create the voluntary regulatory rules for automated vehicles, thanks to Secretary of Transportation Elaine Chao’s decision to cede NHTSA authority.¹¹⁸² The 2019 NHTSA budget proposal reports that the NHTSA plans to “[reduce] regulatory barriers to technology innovation,” meaning that the industry will be able to determine what autonomous vehicle regulations should exist and how those regulations should be implemented.¹¹⁸³ Unfortunately, self-regulation can put consumers at risk. Autonomous vehicles are an opportunity for the auto industry to reap huge profits from a new technology. Auto manufacturers might fail to adequately assess safety considerations because they want to get the cars out to the market as quickly as possible, as in the case of the more marketable large fuel tanks on GM’s C/K model trucks.

The Auto Industry and Promotional Communication

This dissertation has been a case study of GM’s promotional communication. General Motors’ promotional communication from 1990 to 2009 illustrates some flaws in the commercial

¹¹⁸⁰ Megan Brennan, “Driverless Cars Are a Tough Sell to Americans,” Gallup, May 15, 2018, <https://news.gallup.com/poll/234416/driverless-cars-tough-sell-americans.aspx>.

¹¹⁸¹ Department of Transportation, “U.S. Department of Transportation Releases ‘Preparing for the Future of Transportation: Automated Vehicles 3.0,’” National Highway Traffic Safety Administration (NHTSA), October 4, 2018, <https://www.nhtsa.gov/press-releases/us-department-transportation-releases-preparing-future-transportation-automated>.

¹¹⁸² Clifford Atiyeh, “Ford, GM, and Toyota Agree We Have No Plan on How to Make Autonomous Cars Safe.”

¹¹⁸³ National Highway Traffic Safety Administration, *Budget Estimates: Fiscal Year 2019*.

media system. Through this period, two themes dominated GM's promotional communication: finance and SUVs. GM sold dangerous, environmentally unsound SUVs and received a bailout with few strings attached. Each chapter contributed to my argument by highlighting problems in GM's promotional communication. Chapter 1 presented the historical context of GM's growth. Chapter 2 chronicled GM's promotional communication before 1990. Chapter 3 described how GM used financial promotions to sell SUVs, while still profiting from vehicle sales. Chapter 4 showed how GM used safetywashing while lobbying the NHTSA to prevent regulations of SUVs. Chapter 5 showed how GM used greenwashing lobbying against Corporate Average Fuel Economy (CAFE) regulations. Finally, Chapter 6 discussed how GM attempted to distance itself from two decades of activity to gain a bailout from the government. In the following section, I review the argument of each chapter to synthesize my argument before ending with a discussion about needed reforms in commercial media.

Promotional communication is “commercial propaganda.”¹¹⁸⁴ Through advertising and public relations, corporations attempt to influence the behavior of consumers and citizens. As I have shown, commercial propaganda is more than “spin.” GM's advertising has impacted what financial offers consumer seek, which has impacted their loan payments and debt. Likewise, GM's SUV ads often tied into the perception that SUVs were safe, which was also used as a part of anti-CAFE lobbying campaign. GM's PR campaign attempted to present small cars as unsafe, fundamentally altering the debate over CAFE by inserting safety considerations as an issue. These efforts were complemented by corporate social responsibility campaigns that served as safetywashing and greenwashing, presenting GM as more safety and environmentally conscious than it was. These efforts shaped how consumers perceive the auto industry and ultimately set

¹¹⁸⁴ Robert W. McChesney et al., “Advertising and the Genius of Commercial Propaganda,” in *The Propaganda Society: Promotional Culture and Politics in Global Context*, ed. Gerald Sussman (New York: Peter Lang, 2011).

back progress on fuel efficiency and safety regulations. The “auto-industrial complex” has shaped policymaking and purchasing around automobiles to the detriment of the planet.¹¹⁸⁵

In Chapter 1, I described how the automobile and GM rose to prominence during the twentieth century. As an “epoch making” invention, the automobile transformed U.S. society; millions of workers are employed by the auto industry and related industries, and millions more are dependent on automobiles for everyday life.¹¹⁸⁶ GM became the largest auto manufacturer in the world because of its innovative approach to advertising vehicles. Using annual style changes and models to create consumer interest in changing vehicles more frequently, GM also expanded credit available to consumers beginning in 1919 with the creation of General Motors Acceptance Corporation (GMAC).¹¹⁸⁷ After World War II, populations moved to the suburbs, propelled by the ability to commute in their personal automobiles.¹¹⁸⁸ Because of competition from foreign manufacturers and the oil crises of the 1970s, GM shifted toward “badge engineering,” marketing nearly identical vehicles under different names.¹¹⁸⁹ During this period, financiers assumed control of GM and used financial promotions to increase interest in otherwise unappealing designs.¹¹⁹⁰ Financial promotions grew in importance during the 1990s and 2000s as GM expanded its production of SUVs and GMAC’s financial offerings.

¹¹⁸⁵ Freund and Martin, *The Ecology of the Automobile*.

¹¹⁸⁶ Paul A. Baran and Paul M. Sweezy, *Monopoly Capital: An Essay on the American Economic and Social Order* (New York: Monthly Review Press, 1966).

¹¹⁸⁷ Emma Rothschild, *Paradise Lost: The Decline of the Auto-Industrial Age* (New York: Random House, 1973); James M. Rubenstein, *Making and Selling Cars: Innovation and Change in the U.S. Automotive Industry* (Baltimore: Johns Hopkins University Press, 2001).

¹¹⁸⁸ Lizabeth Cohen, *A Consumer’s Republic: The Politics of Mass Consumption in Postwar America* (New York: Vintage Books, 2003).

¹¹⁸⁹ Michelle Krebs, “Vehicles So Much Alike They’re Actually the Same,” *The New York Times*, October 20, 1999, <https://www.nytimes.com/1999/10/20/automobiles/vehicles-so-much-alike-they-re-actually-the-same.html>.

¹¹⁹⁰ Rana Foroohar, *Makers and Takers: The Rise of Finance and the Fall of American Business* (New York: Crown Business, 2016).

In Chapter 2, I described GM's promotional communication strategies before 1990. GM utilized institutional advertising to create the image of the "famous family" of GM brands.¹¹⁹¹ Family continued to be an important theme in GM's advertising, even as GM whittled down its brands after the 2009 bailout. A key element of my analysis was GM's product advertising. GM developed the first advertisements that included installment plans, as well as annual styles and models. These ads modernized the industry and influenced strategies of "planned obsolescence" used in other industries.¹¹⁹² Beginning in the 1980s, GM modernized financial promotions with an emphasis on national interest rate promotions. These promotions became a dominant advertising strategy in the 1990s and 2000s, achieving success alongside SUVs.

Chapter 2 also addressed GM's public relations strategies. Prior to World War I, PR developed as a reaction to muckraking journalism, mainly as a defensive strategy to protect corporations from criticism.¹¹⁹³ After World War I, corporations began to use PR to shape "facts" and to protect themselves against the threat of the New Deal. GM's PR emphasized how the free market had enabled the auto manufacturer to produce wonderful technological advancements.¹¹⁹⁴ During World War II, GM became a defense contractor and shifted its PR and advertising to emphasize patriotic themes.¹¹⁹⁵ In the post-war period, criticism from Ralph Nader and the environmental movement upset GM's industry dominance. In *Unsafe at Any Speed*, Nader attacked the auto industry for its lack of concern over consumer safety. Nader focused part

¹¹⁹¹ Roland Marchand, *Creating the Corporate Soul: The Rise of Public Relations and Corporate Imagery in American Big Business* (Berkeley, CA: University of California Press, 1998).

¹¹⁹² Giles Slade, *Made to Break: Technology and Obsolescence in America* (Cambridge, MA: Harvard University Press, 2006).

¹¹⁹³ Stuart Ewen, *PR! A Social History of Spin* (New York: Basic Books, 1996).

¹¹⁹⁴ Marchand, *Creating the Corporate Soul*.

¹¹⁹⁵ Inger L. Stole, *Advertising at War: Business, Consumers, and Government in the 1940s* (Urbana: University of Illinois Press, 2012); Marchand, *Creating the Corporate Soul*.

of his attack on GM's stylish but unsafe Corvair.¹¹⁹⁶ GM's investigation into Nader backfired, and the modern auto safety movement was born. For the first time, GM faced federal safety regulations under the National Highway Traffic Safety Administration (NHTSA). NHTSA also became the primary regulator for the first fuel economy regulations passed in 1975.¹¹⁹⁷ Safety and the environment became the focal points of GM's PR campaigns in the following decades as GM worked to capture the NHTSA and rollback regulations.

Chapter 2 also chronicled the relationship between GM and the news media, with an emphasis on GM's labor relations. Most media outlets in the U.S. are commercial and funded primarily by advertising. Auto manufacturers, led by GM and its legions of local dealers, are some of the biggest advertisers in the world. For decades, press critics have argued that advertising can bias coverage in favor of advertisers by either censorship or avoidance of issues.¹¹⁹⁸ Over time, this has meant that corporate PR is more likely to be published, while labor coverage has been de-emphasized.¹¹⁹⁹ The emphasis on corporate perspectives means that coverage of "whipsawing" emphasized the drama of communities competing for GM factories, rather than the question of why GM put these communities through this process.¹²⁰⁰ The corporate perspective is also emphasized when discussing auto safety, finance, and other issues.

¹¹⁹⁶ Thomas Whiteside, *The Investigation of Ralph Nader: General Motors vs. One Determined Man* (New York: Arbor House, 1972).

¹¹⁹⁷ Terry Hathaway, "Corporate Power Beyond the Political Arena: The Case of the 'Big Three' and CAFE Standards," *Business and Politics* 20, no. 1 (2018): 1–37; Luger, *Corporate Power*.

¹¹⁹⁸ Lloyd, *Prologue to a Farce*; Almiron, *Journalism in Crisis*; McChesney, *The Political Economy of Media*; Bagdikian, *The New Media Monopoly*.

¹¹⁹⁹ William J. Puette, *Through Jaundiced Eyes: How the Media View Organized Labor* (Ithaca, NY: ILR Press, 1992); Christopher L. Erickson and Daniel J.B. Mitchell, "Information on Strikes and Union Settlements: Patterns of Coverage in a 'Newspaper of Record,'" *Industrial and Labor Relations Review* 49, no. 3 (April 1996): 395–407; Robert Bruno, "Evidence of Bias in the Chicago Tribune Coverage of Organized Labor: A Quantitative Study from 1991 to 2001," *Labor Studies Journal* 34, no. 3 (September 2009): 385–407, 394.

¹²⁰⁰ Christopher R. Martin, *Framed!: Labor and the Corporate Media* (Ithaca, NY: Cornell University Press, 2004).

Although consumer news is popular, consumer issues subject major advertisers, like auto dealers, to significant scrutiny. This scrutiny has resulted in less coverage of consumer issues.¹²⁰¹

Chapter 3 continued with a discussion of how GM co-promoted GMAC auto loans and SUVs from 1990 to 2009. As the market leader, GM initiated financial promotions that spread to the other U.S. auto manufacturers. With the growing popularity of SUVs, financial promotions became even more profitable. The high cost of SUVs meant that they were already more profitable than cars; thousands of dollars of discounts still left room for profitability.¹²⁰² After September 11th, GM began a “Keep America Rolling” 0% financing program to jump-start flagging sales.¹²⁰³ The program was hailed as patriotic, a theme that would be returned to in 2008 and 2009. GM continued to return to 0% financing programs in the years following. Yet, the loans were not as good as they appeared to be. These loans were not available to most consumers.¹²⁰⁴ Other ads emphasized low monthly payments, which often came with longer financing terms, leading to a greater possibility of delinquency. Further, the loan ads primarily drove customers to dealerships, where inscrutable auto loans were often packed with other fees and charges.¹²⁰⁵ Although American financial literacy is low,¹²⁰⁶ there have been few inquiries

¹²⁰¹ Steven Waldman, “Consumer News Blues,” *Newsweek*, May 20, 1991; Maryann Keller, *Collision: GM, Toyota, Volkswagen, and the Race to Own the 21st Century* (New York: Doubleday, 1993); Ronald K. L. Collins, “Cars & Censorship: How Advertising Pressure Can Corrupt a Free Press,” *Advancing the Consumer Interest* 4, no. 2 (1992): 6–12.

¹²⁰² Bradsher, *High and Mighty*.

¹²⁰³ “More than Zero: Financing Deals Confound Skeptics,” *Newsweek*, September 16, 2002; Dave Guilford, “Looking Back: The 0% Solution,” *Automotive News* 86, no. 6480 (September 5, 2011).

¹²⁰⁴ John Welbes, “Zero-Percent Auto-Loan Financing Returns,” *Saint Paul Pioneer Press*, July 3, 2002; “More than Zero: Financing Deals Confound Skeptics,” *Newsweek*.

¹²⁰⁵ William J. Holstein, “Zero Percent: The Fine Print Counts,” *New York Times*, November 9, 2001; Jon Linkov, “How to Get the Best Car Loan,” *Consumer Reports*, April 18, 2018, <https://www.consumerreports.org/car-financing/get-the-best-car-loan/>.

¹²⁰⁶ Udo Reifner and Isabel Herwig, “Consumer Education and Information Rights in Financial Services,” *Information & Communication Technology Law* 12, no. 2 (June 2003): 125–42; Andrew Leyshon, Nigel Thrift, and Jonathan Pratt, “Reading Financial Services: Texts, Consumers, and Financial Literacy,” *Environment and Planning D: Society and Space* 16 (1998): 29–55.

into the deceptive nature of auto loans. A 2014-2015 FTC inquiry found that many auto loans were deceptive, particularly in the fine print. Reforms favored by Public Citizen and other groups could improve consumer understanding of auto loan contracts.¹²⁰⁷

Chapter 4 argued that GM's PR and lobbying worked in complementary ways to influence auto safety regulation. GM used corporate social responsibility programs to emphasize individual responsibility in auto safety, such as through partnerships with Mothers Against Drunk Driving (MADD) and the National SAFE KIDS Campaign. This safetywashing covered up GM's lobbying against NHTSA safety regulations. In this chapter, I explore how the NHTSA has become a "captured" regulatory agency, which has consequences for consumer safety and the environment.¹²⁰⁸ The NHTSA turned major safety issues, such as vehicle incompatibility, over to industry groups, a practice that has continued with current safety issues, such as automated driving systems. Public pressure led to some changes, but the changes were not as robust as those preferred by consumer groups, as in the case of the NHTSA's rollover test.¹²⁰⁹ The captured nature of the NHTSA and its effect on consumer safety was apparent in the case of the GM ignition switch scandal. Although problems with the ignition in some GM vehicles were detected in 2001, vehicles continued to be manufactured with the flawed system until 2014. Even after the public learned of the deaths from the ignition switch problem, GM only instituted a

¹²⁰⁷ Public Citizen, "Rip-Off Nation: Auto Dealers' Swindling of America," Public Citizen, December 2003, https://www.citizen.org/sites/default/files/rip-off_report_only.pdf; Federal Trade Commission, "FTC, Multiple Law Enforcement Partners Announce Crackdown on Deception, Fraud in Auto Sales, Financing and Leasing," Federal Trade Commission, March 26, 2015, https://www.ftc.gov/news-events/press-releases/2015/03/ftc-multiple-law-enforcement-partners-announce-crackdown#_blank.

¹²⁰⁸ Ralph Nader, "Ralph Nader: Safety in Name Only at NHTSA."

¹²⁰⁹ David Shepardson, "Car Rollover 101," *Consumer Reports*, April 2014, <https://www.consumerreports.org/cro/2012/02/rollover-101/index.htm>

voluntary recall.¹²¹⁰ Many consumers will not bring their recalled vehicles in, meaning that vehicles with safety issues can remain on the roads for years.

In Chapter 5, I addressed GM's other major PR area: environmental regulations. I argued that GM used greenwashing PR to detract from anti-CAFE lobbying. Beginning in the 1970s,¹²¹¹ GM and its industry allies, such as the Business Roundtable, financed PR and lobbying campaigns to prevent CAFE regulations.¹²¹² The auto manufacturer was successful in avoiding CAFE regulations for decades.¹²¹³ Through promotional campaigns, GM greenwashed using its EV1 vehicle, which was more of a gimmick than the gateway to an electrical vehicle future. GM also spent heavily on university education through philanthropy and engineering contests. The chapter addressed how GM integrated GMAC into its strategic philanthropy through a partnership with Habitat for Humanity. This partnership built relationships in GM communities, which were fraught because of labor problems and "whipsawing." However, support for Habitat for Humanity could not undo the tax dollars lost through tax abatements. Corporations continue to elicit costly deals from cities, while offering philanthropy as a lesser replacement to social services.¹²¹⁴

Finally, Chapter 6 brought together the influence of advertising and PR on the commercial media. In that chapter, I argued that the *Detroit Free Press* had been compromised by its long-term relationship with GM. The *Detroit Free Press* was part of a news monopoly

¹²¹⁰ Michael R. Lemov, *Car Safety Wars: One Hundred Years of Technology, Politics, and Death* (Madison, WI: Farleigh Dickinson University Press, 2015).

¹²¹¹ Stan Luger, *Corporate Power*.

¹²¹² Andrew Rowell, *Green Backlash: Global Subversion of the Environmental Movement* (London: Routledge, 1996).

¹²¹³ Hathaway, "Corporate Power Beyond the Political Arena."

¹²¹⁴ Colleen Fitzgerald, "For GM, Tax Breaks Then and Headaches for Now," *U.S. News & World Report*, February 22, 1993; William Serrin, "Huge New G.M. Plant, Like Many, to Get Subsidies," *New York Times*, February 25, 1981, <https://www.nytimes.com/1981/02/25/us/huge-new-gm-plant-lika-many-to-get-subsidies.html>.

under the Joint Operating Agreement in Detroit. The JOA made the *Free Press* part of the *USA Today* network, which receives a lot of funding from GM.¹²¹⁵ Furthermore, some observers in Detroit felt that the JOA had decreased the differences between the *Free Press* and *Detroit News* coverage.¹²¹⁶ Most articles published on the bailout followed the arguments from GM's PR and GM's congressional allies. These articles de-emphasized consumer interests, while prioritizing necessity of saving the patriotic auto industry. Although the public rejected the auto bailout, which failed to pass Congress, President Bush approved a bailout of the auto industry, supplemented by bailouts under the Obama Administration.

The Commercial Media and the Continuing Influence of GM

In *Dollarocracy*, John Nichols and Robert W. McChesney chronicled how the “money-and-media election complex” has altered American politics. Corporations and their donations to political action committees (PACs) and candidates are one part of the equation. In the 2018 election cycle, GM spent about \$2.4 million on candidates and PACs. GM donates to both Republicans and Democrats, although Democrats, including Debbie Stabenow of Michigan and Beto O'Rourke of Texas, received the largest donations.¹²¹⁷ In addition, GM spent about \$7.7 million on lobbying in 2018. The auto industrial complex is part of the “money-and-media election complex.” The auto industrial complex also operates outside of the election cycle to influence public policy through lobbying, PR, and advertising. GM has used commercial media to shape public policy for decades. In the 1990s and 2000s, despite intense criticism by public

¹²¹⁵ Jean Halliday et al., “Motown Woes Weigh on Adworld - but Not as Much You'd Think,” *Advertising Age*, April 6, 2009.

¹²¹⁶ Michael Betzold, “10-Fold: It's Been a Decade of Decadence for JOA in Detroit,” *Detroit Sunday Journal*, November 7, 1999.

¹²¹⁷ Center for Responsive Politics, “General Motors: Profile for 2018 Election Cycle,” Open Secrets, 2018, <https://www.opensecrets.org/orgs/summary.php?id=D000000155&cycle=2018>.

interest groups, GM sold SUVs, avoided CAFE regulations, and prevented safety changes to SUVs for years.

The trends in GM's promotional communication from 1990 to 2009 continue to impact consumer safety and the environment. In 2018, Transportation Secretary Elaine Chao argued that the Trump Administration needed to rollback Obama's fuel economy standards. Secretary Chao proposed to "Make Cars Great Again" by "giv[ing] consumers greater access to *safer*, more affordable vehicles, while continuing to protect the environment."¹²¹⁸ The Trump administration continued to propagate the faulty science that more fuel-efficient cars were less safe. This was a key point of GM's anti-CAFE lobbying, and it continues to be a factor in fuel economy legislation. Similarly, a trade publication praised the change, stating "Of course, everyone likes clean air. Who doesn't? But we also like inexpensive cars, fewer auto-related deaths and more secure and better-paid jobs for autoworkers – all of which will result from the change."¹²¹⁹ These complaints reflected those the auto industry made in the wake of the Obama-era fuel economy legislation. As with previous CAFE raises, the auto industry complained that hundreds of thousands of jobs would be lost and that car prices would rise by about \$1,800.¹²²⁰ These concerns echo those from a decade ago.

The Trump Administration also granted auto manufacturers' long-standing request to challenge California's authority to set its own standards. California has sued the EPA, along with 17 other states, to fight for its right to set fuel economy standards and maintain the Obama-era

¹²¹⁸ Elaine L. Chao and Andrew Wheeler, "Make Cars Great Again," *Wall Street Journal (Online)*, August 1, 2018, <https://www.wsj.com/articles/make-cars-great-again-1533170415>, emphasis mine.

¹²¹⁹ "Trump's Fuel Economy Plan Is A No Brainer -- It Saves Money and Lives," *Investor's Business Daily*, August 6, 2018, 1.

¹²²⁰ Umair Irfan, "Trump's EPA Is Fighting California over a Fuel Economy Rule the Auto Industry Doesn't Even Want," *Vox*, April 6, 2019, <https://www.vox.com/2019/4/6/18295544/epa-california-fuel-economy-mpg>.

rules.¹²²¹ Even though the Trump administration has deployed the tried and true tactics of the industry and met some of their long-term goals, individual auto manufacturers have been reluctant to offer their support for the rollback. As in the Chapter 5, this reluctant PR does not tell the whole story. Auto manufacturers lobbied to change the standards in 2017.¹²²² Yet, the business press has largely touted the industry's opposition to Trump's CAFE freeze, citing the industry's interest in manufacturing electric vehicles. However, as I have showed, PR surrounding electric vehicles is not what it appears to be. As an alternative to CAFE, GM has offered one global standard for fuel economy.¹²²³ Given that U.S. fuel economy standards have dragged behind the world for decades, a global fuel economy standard dictated by U.S. auto manufacturers could slow the worldwide response to global warming.

The auto industry has long claimed that fuel economy goals were too stringent, while alleging that they could be met sometime in the future by electric or hydrogen vehicles. Recently, GM has promoted an alternative plan, like California's in the 1990s, that would require 7% of vehicles sold to produce zero-emissions in 2021. However, there is a catch: "GM's ZEV proposal suggests a credits-based system, where automakers would receive credits for every zero-emissions vehicle they sell (with partial credit for plug-in hybrid electric cars that can run with zero emissions part of the time... Automakers who fail to sell enough ZEVs could buy credits from other automakers (presumably, like GM) who were able to exceed their ZEV

¹²²¹ Umair Irfan, "Trump's EPA Is Fighting California over a Fuel Economy Rule the Auto Industry Doesn't Even Want," *Vox*, April 6, 2019, <https://www.vox.com/2019/4/6/18295544/epa-california-fuel-economy-mpg>.

¹²²² Sean Captain, "Automakers Pushed Rollback of Efficiency Rules While Publicly Pledging Their Commitment," *Fast Company*, April 6, 2018, <https://www.fastcompany.com/40555254/automakers-pushed-rollback-of-efficiency-rules-while-publicly-pledging-their-commitment>.

¹²²³ Oliver Wyman, "Why Lower Fuel-Economy Standards May End Up Hurting U.S. Automakers," *Forbes*, August 8, 2018, <https://www.forbes.com/sites/oliverwyman/2018/08/08/why-lower-fuel-economy-standards-may-end-up-hurting-u-s-automakers/#7c3808122d18>.

requirements.”¹²²⁴ While the auto industry has emphasized that it does want to sell more electric vehicles, the industry still remains focused on SUVs. Despite some changes from GM and Ford, there is not much to signal actual change in the industry. Ads remain focused on SUVs and trucks,¹²²⁵ with only a few models of electric vehicles available from major U.S. manufacturers. Tesla’s increased popularity may be putting some pressure on the major manufacturers to address this burgeoning industry.

In addition to continuing problems in fuel economy and SUV production, the SUV “arms race” continues to threaten the lives of drivers, passengers, and pedestrians.¹²²⁶ Although U.S. traffic fatalities in general are lower than they were thirty years ago because of air bags, seat belts, and other technologies, they are still much higher than similar countries.¹²²⁷ Rollovers are still more common in SUVs and trucks.¹²²⁸ In addition, the rise in SUVs has led to more pedestrian deaths, with over 6,000 pedestrians killed in 2018. Pedestrian deaths likely result from the use of cell phones and the large size of SUVs and trucks, which makes them more deadly.¹²²⁹ New technologies also pose new threats. Tesla vehicles with autopilot have already entered the market, without much oversight from NHTSA, as described earlier. Unfortunately, some drivers have already been injured by the autopilot, and several accidents in Tesla vehicles have been

¹²²⁴ Megan Geuss, “GM Wants Alternative to Fuel Economy Standards from Obama, Rollback from Trump,” *ArsTechnica*, October 28, 2018, <https://arstechnica.com/cars/2018/10/gm-wants-alternative-to-fuel-economy-standards-from-obama-rollback-from-trump/>.

¹²²⁵ Mike Colias, “GM Ads: ‘This Is Precision,’” *Automotive News* 89, no. 6663 (March 9, 2015): 17; Vince Bond, Jr., “Why Chevy’s ‘Real People’ Ads Are Still Running,” *Automotive News* 91, no. 6776 (May 8, 2017): 29.

¹²²⁶ Henry Grabar, “The SUV Arms Race,” *Slate*, November 30, 2018, <https://slate.com/technology/2018/11/suv-arms-race-pick-up-car-safety-headlights-visibility-crash.html>.

¹²²⁷ Leonard Evans, “Traffic Fatality Reductions: United States Compared With 25 Other Countries,” *American Journal of Public Health* 104, no. 8 (August 2014): 1501–7.

¹²²⁸ Insurance Institute for Highway Safety, “Rollover,” Insurance Institute for Highway Safety, May 2018, <https://www.iihs.org/iihs/topics/t/rollover-crashes/qanda>.

¹²²⁹ Sea Stachura, “Why Pedestrian Deaths Are At A 30-Year High,” NPR, March 28, 2019, <https://www.npr.org/2019/03/28/706481382/why-pedestrian-deaths-are-at-a-30-year-high>.

reported.¹²³⁰ Despite the possible danger of more widespread use of autopilot, the NHTSA has largely left this developing market alone. The auto industry's erosion of auto safety continues to endanger the public.

Unfortunately, consumer reporting, which might help expose the problems of auto safety and auto loan discrimination, has declined. The heyday of investigative journalism after the Pentagon Papers was also the heyday of consumer journalism. When Nader was writing *Unsafe at Any Speed* and reporting on the problems of the auto industry, consumer reporters around the country offered similar reports for their readers. These investigations often came with consequences for the newspapers that published them. In the days when newspapers had more income, some newspapers could afford to take risks. Other newspapers still needed to capitulate, particularly to large advertisers. For example, in 1990, the *San José Mercury News* lost \$1 million of auto dealer advertising because of an article with advice about purchasing a vehicle.¹²³¹ Even then, the *Mercury News* issued an apology and published a favorable follow-up article. While consumer reporting has declined, business PR has steadily increased as funding for journalism dried up. More press releases are published as news, and outlets are more dependent on their advertisers.¹²³² This is a bad combination for consumer accountability. Yet, some news outlets have still been able to hold manufacturers accountable. Local news media discovered the problems of with the Firestone tires that were causing Ford SUVs to rollover.¹²³³ If local news

¹²³⁰ Alex Davies, "A Florida Man Is Suing Tesla for a Scary Autopilot Crash," *Wired*, October 30, 2018, <https://www.wired.com/story/tesla-autopilot-crash-lawsuit-florida-shawn-hudson/>.

¹²³¹ Trudy Lieberman, "The Rise and Fall of Consumer Journalism," *American History of Business Journalism*, March 2013, <https://ahbj.sabew.org/story/04042013-the-rise-and-fall-of-consumer-journalism/>

¹²³² Robert W. McChesney, *Digital Disconnect: How Capitalism Is Turning The Internet Against Democracy* (New York: The New Press, 2013).

¹²³³ Adam L. Penenberg, *Tragic Indifference: One Man's Battle with the Auto Industry over the Dangers of SUVs* (New York: HarperBusiness, 2003).

media discovered the GM ignition switch scandal earlier, then hundreds of lives could have been saved, and GM would not have been able to manufacture more faulty vehicles.

In addition to accountability for auto safety, auto finance, and other consumer issues, the news media also plays an important role in laying out the terms of public policy debates. As I have shown, GM dominated the narratives around CAFE and SUV safety. Through advertising and PR, GM stalled fuel economy legislation and sold SUVs on safety. The auto industry continues to promote SUVs, while electric vehicles struggle with popularity. The reasons for the struggle of the electric vehicle range from the cost of electric vehicles to concern about the lack of infrastructure. However, the real reason may be advertising. While auto manufacturers have spent millions creating the SUV market, they have not spent even close to the same amount to advertise electric vehicles. Further, auto dealers are reluctant to sell electric vehicles because the profit margins are lower than SUVs and trucks.¹²³⁴

This study has been situated within the political economy of communication, which addresses two kinds of inquiry. First, this field address how the structure of the media system influences content and the role of the media system in society.¹²³⁵ In this case, I have shown how the commercial media system has been compromised by auto advertising and PR. Content is excluded and at times biased in favor of dealers and auto manufacturers. This leads to the exclusion of consumer issues, as well as the warping of policy issues in favor of industry. Secondly, the political economy of communication addresses how public policies structure the media system.¹²³⁶ The U.S has focused on the commercial media system in the twentieth century.

¹²³⁴ Jeremy Deaton, "Car Dealerships Put in a Lot of Work to Not Sell You an Electric Car," *Fast Company*, January 18, 2019, <https://www.fastcompany.com/90294305/car-companies-put-in-a-lot-of-work-to-not-sell-you-an-electric-car>.

¹²³⁵ McChesney, *Digital Disconnect*.

¹²³⁶ Ibid.

However, the U.S. media system was not always commercial, nor was there always such animosity toward public funding.

The political economy of communication views journalism as a public good, meaning “journalism is something society requires but that the market cannot generate in sufficient quantity or quality.”¹²³⁷ A viable press is necessary for self-government. Transportation is a pressing issue that must be dealt with in order to reverse course on climate change.¹²³⁸ However, the policies that shape our transportation system cannot be addressed if the public does not have the knowledge to understand them. Although some scholars have argued that the internet will modernize journalism, the internet has not provided a solution to the funding crisis facing journalism. To the contrary, most news on the internet was originally reported and researched in print outlets. In addition, advertising revenue is smaller online, which leads to less revenue for funding journalism.¹²³⁹ A free press is necessary for protecting the public interest and enabling citizens to make informed decisions, but the commercial media has failed to provide adequate journalism.

A viable free press is required for democracy, but the commercial media has not provided a solution. Scholars have offered a few alternative models for funding journalism. Robert W. McChesney has suggested that U.S. history offers a glimpse into the historical support for publicly funded journalism. In early U.S. history, postal subsidies allowed newspapers to be mailed for almost nothing. Other democracies have strong traditions of publicly supported

¹²³⁷ Ibid., 175.

¹²³⁸ Rebecca Bellan, “Nirvana Unplugged: Why Aren’t More Americans Buying Electric Vehicles?,” *Mother Jones*, October 16, 2018, <https://www.motherjones.com/environment/2018/10/nirvana-unplugged-why-arent-more-americans-buying-electric-vehicles/>; David Roberts, “The US Is Winning the Climate Fight in Electricity — and Losing It Just about Everywhere Else,” *Vox*, April 10, 2018, <https://www.vox.com/energy-and-environment/2018/4/10/17214446/climate-fight-electricity>.

¹²³⁹ McChesney, *Digital Disconnect*.

media. McChesney offers a solution developed by economists Dean and Randy Baker. They argue that a news voucher would allow Americans to fund publicly supported news through their tax returns. The media funded by this voucher should be ad-free and freely published online.¹²⁴⁰ Without the sway of advertisers, journalists would be freer to perform investigative reports that might impact auto dealers or auto manufacturers. This would help fill existing gaps in consumer coverage, as well as opening nuanced debates over public policy.

Future Research Questions

This dissertation has addressed how GM's promotional communication supported its move toward finance and SUVs from 1990 to 2009. I have demonstrated how advertising and PR worked together to reinforce messages about safety and the environment, while also opening the door to influencing news coverage, primarily relying on materials from the General Motors Heritage Center, as well as the archived *Detroit Free Press* newspaper. There are few areas of inquiry that remain to be explored.

First, during this period, GM's relationship with the UAW was tense due to downsizing and whipsawing. However, the UAW frequently partnered with GM on CSR, such as Habitat for Humanity builds, and lobbying against CAFE regulations. Future research should investigate the why the UAW continued to partner with GM even as the corporation laid off workers and forced them to compete for jobs. There may have been internal struggles over the partnership or questions about the benefits gained from partnering with GM. Because unions are often aligned with democratic politics, lobbying against CAFE might have put the union at odds with other allies. The UAW's complicated relationship with GM's PR and lobbying deserves more scrutiny.

¹²⁴⁰ Ibid.

Second, this dissertation focused on the *Detroit Free Press*, a major publication in Detroit. Future research should address the relationship between the *Free Press* and GM in more detail. Interviews with journalists who worked at the press, as well as internal memos, could shed light on the long-term relationship between the *Free Press* and GM. Future research could also address the coverage in the *Detroit News* and local TV stations. The coverage in the *News* was likely similar to the *Free Press* because of the JOA. However, future research could delve into the relationship between the two papers and how that affected reporting, particularly reporting related to auto manufacturers and dealers.

Third, while this dissertation addressed how GM cultivated relationships with GM communities through CSR, there was little examination of Detroit itself. In national narratives, Detroit is often pictured as the victim of the decline of manufacturing. Yet, during this period, GM constructed the GM Renaissance Center along the Detroit River. The Renaissance Center served as a symbol of GM's investment in the community. Roland Marchand has argued that the first department stores were like cathedrals to capitalism.¹²⁴¹ The Renaissance Center similarly offers a point of analysis as a symbol of the expectations of the American auto industry. More study is needed to determine how GM and the other auto manufacturers were involved in Detroit politics and how the Renaissance Center influenced GM's reputation.

Finally, this dissertation was confined to the U.S. context. GM has been a global company for decades. Future studies should address how GM navigated globalization during this period of turmoil. GM has become highly invested in China, even developing a joint venture with a Chinese company.¹²⁴² China is an area of growth for the auto industry. However, as the

¹²⁴¹ Marchand, *Creating the Corporate Soul*.

¹²⁴² Edward Niedermeyer, "The Secret History of GM's Chinese Bailout," Quartz, January 24, 2016, <https://qz.com/594984/the-secret-history-of-gms-chinese-bailout/>.

world moves closer to two billion cars, GM's investment in China is also propelling the planet closer to the point of no return for global warming. Future research should address the implications of GM's investment in China on both the environment and on political economy of communication.

Conclusion

Most studies of the auto industry within the field of communication focus on PR around vehicle recalls or symbolism in vehicle ads.¹²⁴³ Through this study, I have attempted a broad inquiry into GM's promotional communication and how GM promoted financial products and SUVs from 1990 to 2009. These two areas remain important for GM because corporate profitability is still dependent on SUVs. GM's promotional communication has enabled the corporation to influence consumer purchases and key public policy debates. Unfortunately, the popularity of SUVs continues to climb around the world.¹²⁴⁴ The addiction spawned by desperate U.S. auto manufacturers in the 1990s has put the world on a crash course toward unavoidable climate change. Protecting consumer safety, personal finance, and the climate requires addressing the influence the auto industry over the commercial media. Alternative models of journalism, such as publicly funded journalism, present an opportunity to ignite the public policy debate and protect the public interest.

¹²⁴³ Shannon Bowen and Yue Zheng, "Auto Recall Crisis, Framing, and Ethical Response: Toyota's Missteps," *Public Relations Review* 41, no. 1 (March 2015): 40–49; Melissa Aronczyk, "'Taking the SUV to a Place It's Never Been Before': SUV Ads and the Consumption of Nature," *Invisible Culture: An Electronic Journal for Visual Culture*, no. 9 (2005): 1–20.

¹²⁴⁴ Hiroko Tabuchi, "The World Is Embracing S.U.V.s. That's Bad News for the Climate.," *New York Times*, March 3, 2018, <https://www.nytimes.com/2018/03/03/climate/suv-sales-global-climate.html>.

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